

Coeymans Hollow Fire Corporation

Board Oversight

NOVEMBER 2022



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

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Report Highlights

Coeymans Hollow Fire Corporation

Audit Objective

Determine whether Coeymans Hollow Volunteer Fire Corporation (Company) Board of Directors (Board) provided adequate oversight of financial operations.

Key Findings

The Board did not provide adequate oversight of the Company's financial operations. As a result, there is significant risk that Company money could be used inappropriately without detection.

The Board did not:

- Adopt or enforce adequate bylaws.
- Review claim documentation for appropriateness and did not sign vouchers to approve claims for payment.
- Establish adequate controls to ensure that all money received was properly recorded and deposited.
- Ensure that the Treasurer and Financial Secretary performed bank reconciliations for Company accounts.

Key Recommendations

- Amend the bylaws and/or adopt supplemental written financial policies and enforce compliance.
- Review claim vouchers and supporting documentation to ensure disbursements are for proper Company purposes.
- Ensure that the Financial Secretary maintains adequate cash receipts records and the Treasurer deposits funds in a timely manner.
- Perform bank reconciliations for all Company bank accounts.

Except as specified in Appendix A, Company officials generally agreed with our recommendations and indicated they planned to take corrective action. Appendix B includes our comments on issues raised in the Company's response letter.

Background

The Company is a not-for-profit organization that provides fire protection within the Coeymans Hollow Fire District (District) in the Town of Coeymans in Albany County.

The Company's primary source of revenue is a fire protection contract with the District. Additional revenues come from foreign fire insurance, fundraisers and donations.

The Company is composed of volunteer members and governed by its bylaws and a seven-member Board, which is elected by the Company's members.

The Board is generally responsible for managing and overseeing the Company's financial activities. The Treasurer is responsible for maintaining custody of Company financial assets and depositing and disbursing funds. The Financial Secretary is responsible for the accounting for Company assets.

Quick Facts

| | |
|--------------------------|-----------|
| 2021 Total Collections | \$174,117 |
| 2021 Total Disbursements | \$102,200 |
| Company Members | 49 |

Audit Period

January 1, 2020 – December 31, 2021. We extended our scope period back to January 1, 2019 to review fundraising activities.

Board Oversight

How Should a Board Provide Effective Board Oversight?

To effectively manage operations, a fire company (company) board (board) should establish written policies and procedures and clearly defined bylaws. These guidance documents help company officials ensure transactions are authorized and properly recorded and reviewed; funds are adequately safeguarded; collections are deposited in a timely manner; and bills are approved before payment.

A board is responsible for overseeing financial activities, safeguarding company resources and authorizing all disbursements of company funds before transactions occur. Company officials must routinely monitor and review work performed by those who handle money.

A board should ensure that company officials establish an effective system of internal controls over cash collections and disbursements. Effective controls require proper distribution of duties so that one individual does not perform incompatible functions of cash collection, recordkeeping, custody and disbursement. When duties are not adequately segregated, a board should establish mitigating controls.

The Company's bylaws should contain clear guidance on financial activities, including required monthly reporting to the Board, the internal audit function, cash receipts and disbursements and documentation requirements for fundraising activities.

The Board Did Not Provide Adequate Oversight or Adopt Adequate Financial Policies and Procedures

The Board provided limited oversight over the Company's financial activities and did not develop any written policies and procedures supplemental to the bylaws to provide guidance for key financial operations, including purchasing, credit (debit) card usage, fundraising activities and performing and reviewing bank reconciliations.

The Company's bylaws indicate that the Board may examine the Treasurer's and Financial Secretary's financial records and require the Company to have an audit committee that consists of three Company members. The audit committee must audit the Treasurer's and Financial Secretary's books and records on a semiannual basis (every six months or twice per year), which includes verifying bank balances. When the audit is complete, the audit committee must report its findings at the next membership meeting.

However, during our audit period, the Board did not appoint members to the audit committee to conduct semiannual audits. Also, the Board did not review the Treasurer's and Financial Secretary's records during our audit period. Although

officials said that the last semiannual audit occurred in 2018, they were unable to locate and/or provide us with an audit report. The Board also did not require the Financial Secretary to comply with the Company's bylaws, which required her to provide a written report of collections and disbursements at each regular meeting.

Without a written report, Board members cannot conduct subsequent detailed reviews of collections and disbursements or compare the monthly reports to monthly collections and disbursements to identify unusual variations in financial operations. The Board and officials could not provide us with reasonable explanations for not providing adequate oversight or complying with the Company's bylaws.

Because the Company did not have supplemental written policies and procedures, officials and members did not have adequate guidance when purchasing goods and services, using Company debit cards, conducting fundraising activities or performing and reviewing bank reconciliations. In addition, because the required annual audits were not conducted, the possibility of detecting and correcting financial errors or irregularities is significantly reduced.

The Board Did Not Review Claims and Allowed Debit Card Purchases Without Providing Adequate Oversight

Claims – The Company used claim vouchers to support payments for monthly bills. Claim vouchers should contain vendor information, amounts to be paid, purpose for the goods or services acquired and supporting documentation, such as detailed invoice or receipts that provide adequate documentation for each claim.

The Financial Secretary prepared the Company's claim vouchers and attached the supporting bills, which she reviewed with the Treasurer before the Treasurer prepared and issued the disbursement checks. We reviewed 40 claims totaling \$404,843¹ that were paid during our audit period and found that they had adequate supporting documentation and were for a valid Company purpose. However, the Board did not review or approve each claim or bill before they were paid. Because the Board did not review or approve each payment, the risk that funds will be inappropriately disbursed and remain undetected is high.

Debit Cards – Debit card usage should be strictly limited and approved in advance. Also, the Company should develop and adopt adequate policies to govern debit card usage because debit card usage causes funds to be withdrawn directly from the Company's bank account.

¹ Refer to Appendix C for further information on our sample selection.

The Chief, Assistant Chief and Director had debit cards but the Company did not have a written debit card policy that described how they should be used. The Vice President also told us that they followed debit card procedures discussed at membership meetings but not enacted by Board resolution in the meeting minutes. For example, the President and Vice President told us that one procedure required any debit card purchase of more than \$500 to be approved by the Board before the purchase was made.

We reviewed 20 debit card purchases totaling \$9,452² and found that they had adequate supporting documentation and were for a valid Company purpose. Of the 20, seven purchases totaling \$7,822 (35 percent) were for \$500 or more, but none of them had prior Board authorization. Though we saw discussions documented in the minutes for some of the debit card purchases, we did not see any resolutions approving the purchases or any written evidence of approval for the purchases.

Because the Board did not effectively monitor debit cards usage or establish any debit card policies, it did not provide sufficient oversight for debit card purchases. It also created a significant risk for Company money to be used inappropriately without detection.

Why Are Monthly Bank Account Reconciliations Important?

Preparing monthly bank reconciliations and ensuring reconciled bank account balances agree with the accounting record's cash balance helps ensure all collections and disbursements are properly recorded. Monthly bank account reconciliations provide a way to identify, correct and document differences between a company's records and bank transactions.

Any differences between reconciled bank and accounting record balances should be promptly reviewed to determine the cause for the discrepancies and to ensure all financial activities are properly accounted for in a timely manner and cash is safeguarded. A board or company membership should review monthly bank reconciliations and bank statements to ensure that all bank account activity is legitimate and any differences between reconciled bank and cash balances are documented and corrected.

² Ibid.

The Treasurer and Financial Secretary Did Not Perform Bank Reconciliations

During our audit period, the Company had seven bank accounts, including:

- Three savings accounts (truck, building and Firemen’s Association of the State of New York)
- Four checking accounts (general, donations, day-to-day and debit card).

The Treasurer and Financial Secretary did not perform bank reconciliations for any of these seven bank accounts and did not have statements on file for two (truck and building) of these bank accounts.

Although officials asked the bank to send hard copy bank statements for the truck and building savings accounts, the Company’s bank set the accounts to send electronic statements by email. However, officials did not provide the bank with the Company’s email address when these two bank accounts were opened. As a result, the bank could not send monthly bank statements.

Officials did not receive bank statements for these two accounts and did not take any action to obtain them until we requested them. These two bank accounts were established in January 2020. Since our request, the Company started receiving bank statements in November 2021. Therefore, officials should have received 22 bank statements since January 2020. Without the bank statements, officials could not ensure that \$47,332 on deposit in these two accounts, as of December 2021, was properly accounted for and safeguarded.

The Treasurer and Financial Secretary could not show us any documentation to indicate that they performed bank reconciliations. The Treasurer told us she was unaware that she should have prepared and maintained formal monthly bank reconciliations. During our fieldwork, the Financial Secretary requested that the bank send the statements by mail.

We performed a bank reconciliation for the general checking account for December 2021 (the last month of our scope period) and found \$4,048 on deposit at the bank that was not recorded in the Company’s records. The Treasurer and Financial Secretary could not provide an explanation for this variance. Further, had bank reconciliations been completed on a timely basis, the recording errors that led to a \$7,615 variance between amounts received and deposited³ would have been identified and corrected in a timely manner.

Because the Treasurer and Financial Secretary did not prepare formal monthly bank reconciliations, or request monthly bank statements for two savings

³ Refer to the Collection Records and Procedures Were Inadequate section for further information.

accounts, the Company has an increased risk that errors or inappropriate transactions could occur and remain undetected. In addition, the Board may not have accurate information to adequately manage financial operations.

What Are Effective Procedures for Collections and Bank Deposits?

A board should develop bylaws, or other policies and procedures, to provide guidance to the treasurer and company members who receive funds to help ensure all collections are properly recorded, have adequate supporting documentation and are deposited intact (in the same amount and form as received) and in a timely manner.

The Company's bylaws require the Treasurer to issue a receipt for each sum of money received and deposit those funds within three days of receipt. Consecutively press-numbered receipts should be issued for money collected when there is no other evidence to document the collection.

Good business practices require company members to remit collections (including those from fundraising events) and supporting documentation to the treasurer. Supporting documentation should include the following information: payor's name, date collections were received, amount of and purpose for collections, composition (cash or check) of collections and detailed information for the collections, such as number of tickets or items sold.

A treasurer should compare the collections to the supporting documentation to ensure that all collections are accounted for. A treasurer also should deposit collections intact and in a timely manner. In addition, a treasurer should prepare and retain duplicate deposit slips with enough detail to identify the deposit composition of cash and checks deposited. When deposits are not made in a timely manner, a company has a greater risk that money could be lost or stolen without detection.

Company officials should maintain adequate documentation to support all collections, including fundraising activities. After a fundraising activity, a treasurer should complete a fundraising report that details the amount collected, including the number of items or tickets sold.

For each fundraising event, at least two company members should be available to count money collected and certify the amounts remitted to the treasurer. When a treasurer provides start-up funds to a company member to purchase supplies and other essentials, or to make change for people purchasing items or tickets, the treasurer should record the advance, reconcile these funds to supporting receipts and deposit unused start-up funds in the bank after the fundraising event.

The Company's bylaws stated that the Treasurer was responsible for receiving and depositing all money collected by the Financial Secretary and otherwise due to the Company.

Collection Records and Procedures Were Inadequate

The Board did not establish adequate controls to ensure that all money received was properly recorded and deposited. During our audit period, the Treasurer and Financial Secretary received collections at the firehouse, by mail and from Company members who were responsible for fundraising activities. The Treasurer deposited these funds. However, the Financial Secretary and Treasurer did not issue receipts for collections as required by the Company's bylaws.

When the Financial Secretary received money, she recorded the collection in a manual cash receipts journal. She included the month in which she received the money, amount and the name of the person who gave her the money. However, she did not record the specific date received, form of payment (e.g., cash or check) or the purpose for each collection. She then placed the money in a locked filing cabinet for the Treasurer to deposit.

The Treasurer prepared deposit slips and made deposits generally once per month, but more frequently during the Company's annual calendar sales fundraiser (held from September through December) due to the increased volume of checks received for this event. The Treasurer did not maintain duplicate deposit slips or retain bank deposit receipts because she was unaware that she should do so.

The Financial Secretary told us that when she received the monthly bank statements, she verified that the collection amounts recorded in the cash receipts journal agreed to the deposit amounts on the bank statements. However, collection and deposit amounts did not always agree, and the Financial Secretary did not take action to identify the cause of the variances.

During our audit period, the Financial Secretary recorded \$401,305 total collections in the cash receipts journal. However, the Treasurer deposited \$408,920 in the bank. As a result, bank deposits were \$7,615 more than recorded collections. This indicates that some collections remitted to the Treasurer for deposit were either not recorded or were recorded in error in the cash receipts journal. The Financial Secretary and Treasurer could not explain the reason for this difference.

We obtained deposit compositions from the Company's bank to attempt to determine the reason for the \$7,615 variance and whether deposits were made intact. Because the Financial Secretary did not issue duplicate receipts or record sufficient collection details in the cash receipts journal (i.e., day received, form of

collection (cash or check) and reason for collection), we could not determine the specific reasons for the variance or whether the Treasurer deposited collections intact.

However, we determined that some collections were recorded after they were deposited. These collections included four of six contract payments totaling \$178,300 paid by the District to the Company. During our audit period a new Financial Secretary was elected, and the previous one declined to be interviewed. Therefore, we were unable to ask her for explanations related to this issue.

We also determined that the Treasurer did not deposit all collections in a timely manner. We found that three checks totaling \$525 were deposited on September 8, 2021, but the check dates ranged from 38 to 63 days before they were deposited. The Treasurer told us that she generally deposited collections only once per month because it was easier for her to pick up the collections when she was at the fire hall for a monthly Company meeting, instead of making additional trips.

However, the bylaws specifically state that collections must be deposited within three days of receipt. These delayed deposits left Company funds at risk for theft from the time collections were made to when they were deposited.

Had the Financial Secretary issued duplicate receipts and maintained a sufficiently detailed cash receipts journal, and had the Treasurer deposited collections on a timely basis, the \$7,615 variance could have been identified and resolved in a timely manner. When the Treasurer does not deposit collections in a timely manner, and the Financial Secretary does not maintain sufficient collection records or issue duplicate receipts to document collections received and amounts remitted to the Treasurer for deposit, the Company has an increased risk that loss or theft of funds could occur.

The Company Did Not Properly Account For Fundraising Activities

The Company engaged in various fundraising activities to help pay for operations. However, the Company's bylaws were silent regarding fundraising activities and the use of start-up funds for fundraising events. Additionally, Company officials and members did not prepare reports for all fundraising activities, and reports that were prepared were inadequate.

Generally, a Company member coordinates a fundraising event (i.e., calendar sales, breakfast and dinner events) and collects money, sometimes with other members, from event participants. However, members generally did not retain and/or prepare records of collections and disbursements – such as profit and loss statements, activity reports or number of tickets sold – for these events.

We reviewed five fundraising activities with recorded collections totaling \$16,952⁴ (according to the Company's cash receipts journal) that were held during our audit period. These fundraising activities included a breakfast, pot pie dinner, chicken parmesan dinner, haunted hayride and the Albany County Fire Association dinner.

Fundraising Activities – Four of the five activities (the breakfast, pot pie dinner, chicken parmesan dinner and haunted hayride) did not have starting and ending ticket numbers for the number of tickets sold, cash register tapes or any other form of documentation for collections (e.g., prices and quantities of food and drinks sold or number of participants) that would have allowed officials to determine how much money should have been collected and deposited. The only record of collections for these four events were collections totaling \$13,364 that were remitted to the Financial Secretary who recorded them in the cash receipts journal.

The remaining event (Albany County Fire Association dinner) had recorded collections totaling \$3,588. These collections were adequately supported by receipts for what was purchased with advanced startup cash, documentation of the number of tickets sold and the amount charged per ticket, the amount of cash returned from the startup advance and a report of profit from the event.

We reviewed two of the four events (breakfast and hayride) that had collections totaling \$8,949 to determine whether the collections recorded in the cash receipts journal were deposited. However, without fundraising documentation or duplicate receipts maintained by the Financial Secretary, we could not determine whether the money was deposited intact or in a timely manner.

From deposit compositions provided by the Company's bank, we determined that cash recorded in the cash receipts journal as collected at these two events was deposited. However, we could not determine whether the amounts recorded as collected were accurate.

Fundraising Advances – During our review of the cash disbursement records, we found that cash was advanced as start-up funds to members for four events to purchase supplies and other essentials, but the cash was not properly accounted for.

For three of these advances totaling \$2,000, the Financial Secretary could not provide us with any records or receipts indicating how the advances were spent or if members returned any unused advances.

The remaining advance totaling \$1,000 was used to purchase supplies. Purchase receipts totaling \$566 and cash totaling \$311 was returned to the Company, but

⁴ See supra, note 1.

\$123 was unaccounted for. As a result, the Board and membership do not have a record to identify how or if the \$123 was spent.

Without fundraising bylaws or formal policies and procedures, officials and members were unaware that they should maintain adequate fundraising records and had no guidance regarding what constituted adequate fundraising records. Consequently, the Company did not have any accountability for start-up funds advanced to fundraiser coordinators for fundraising events. Because the Company had limited accountability for fundraising collections and advanced money, it had an increased risk that funds could be lost or stolen without detection.

What Do We Recommend?

The Board should:

1. Review, amend and enforce the bylaws and/or adopt separate written policies and procedures to provide clear guidance over key areas of financial operations.
2. Appoint three Company members to the audit committee to perform semiannual audits of the Treasurer's and Financial Secretary's collection and disbursement records and the Company's bank accounts.
3. Require the Financial Secretary to provide a written report of collections and disbursements at each regular meeting. Also, when members have questions about reported transactions at monthly meetings, ensure that these discussions are documented in the meeting minutes.
4. Review all claims before approving them for payment to ensure they are supported and for a proper Company purpose.
5. Ensure that the Financial Secretary presents the claims to the Board for approval before payments are disbursed.
6. Ensure that the Board President signs all approved claims to indicate they are authorized for payment.
7. Adopt and implement a debit card policy that requires preapproval of all purchases or discontinue using the debit card.
8. Ensure that the Treasurer and Financial Secretary perform monthly bank reconciliations for all Company bank accounts, maintain records of these reconciliations and provide bank statements and related reconciliations to the Board on a monthly basis.

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9. Ensure that the Treasurer and Financial Secretary issue receipts for money collected, maintain adequate cash collections records and deposit funds intact and in a timely manner.
 10. Ensure that Company members who are responsible for fundraising activities create activity reports that detail amounts collected, the price and quantity of items or tickets sold (when applicable) and indicate how advanced start-up money was used.

The Treasurer and Financial Secretary should:

11. Pay claims only after the Board has audited and approved the claims.
12. Prepare formal monthly bank reconciliations for all bank accounts and investigate and correct any differences between adjusted bank balances and recorded cash balances in a timely manner. Also, maintain records of all bank reconciliations.
13. Investigate the reasons for the \$4,048 and \$7,615 differences between the bank balances and the Company's financial records identified in this report and ensure that the records are properly adjusted.
14. Properly account for – and issue duplicate, consecutively press-numbered receipts for – all collections, or maintain some other form of documentation to show the source, date received, amount, payment type and purpose for all Company funds collected.
15. Deposit funds intact and in a timely manner.
16. Properly account for start-up funds advanced for fundraising events and reconcile them to remitted receipts and unused funds at the end of each fundraising event.

The audit committee should:

17. Semiannually review the Treasurer and Financial Secretary's financial records and monthly bank reconciliations and related records for all bank accounts.

Appendix A: Response From Company Officials

COEYMANS HOLLOW VOLUNTEER FIRE CORPORATION P.O. Box 147 Coeymans Hollow, NY 12046

October 14, 2022

Coeymans Hollow Volunteer Fire Corporation
Response to Audit
Audit Report # 2022M-84

The Board of Directors of the Coeymans Hollow Volunteer Fire Corporation (“CHVFC” or the “Fire Company”) finds that the audit performed of our fire company for the year 2021 was generally correct, and we agree with the general findings of Audit 2022M-84.

We would like it to be noted that this fire company is comprised of 100% volunteer officials, including the Board of Directors. To this end, it is imperative that one keeps in mind the fact that officials may be elected to positions for which they have no formal training or experience. In particular, the Treasurer and the Financial Secretary for the year the audit was conducted (2021) did not have a formal background in accounting. Therefore, they along with the Board compiled and utilized a series of Best Practices that were deemed acceptable to both the Board and the Fire Company.

In addition, we mostly agree with and will comply with the majority of recommendations made by the auditors. Please allow this letter to serve as our official Corrective Action Plan.

Audit recommendation - Board:

Review, amend and enforce the bylaws and/or adopt separate written policies and procedures to provide clear guidance over key areas of financial operations.

Response: A Bylaws Committee has been formed and is conducting a full overhaul of the current fire company bylaws, which will address and implement some financial operations policies.

Audit recommendation - Board:

Appoint three Company members to the audit committee to perform semiannual audits of the Treasurer’s and Financial Secretary’s collection and disbursement records and the Company’s bank accounts.

Response: This has been a past practice and has been reinstated. An active Audit Committee is currently reviewing the accounting semi-annually.

Audit recommendation - Board:

Require the Financial Secretary to provide a written report of collections and disbursements at each regular meeting. Also, when members have questions about reported transactions at monthly meetings, ensure that these discussions are documented in the meeting minutes.

Home of the Eagles

CoeymansHollowFire.org

(518)756-6310

COEYMANS HOLLOW VOLUNTEER FIRE CORPORATION P.O. Box 147 Coeymans Hollow, NY 12046

Response: This was implemented almost immediately. The written report is provided for members to review, and then becomes a part of the minutes for that meeting. The new Financial Secretary is utilizing Excel to generate written reports, with the intention of beginning the use of Quickbooks at the beginning of a new fiscal year in January 2023.

Audit recommendation - Board:

Review all claims before approving them for payment to ensure they are supported and for a proper Company purpose.

Ensure that the Financial Secretary presents the claims to the Board for approval before payments are disbursed.

Ensure that the President of the Board signs all approved claims to indicate they are authorized for payment.

Response: The Financial Secretary will have all claims for payment completed in time for the monthly Board of Directors meeting so that all claims can be reviewed and approved by the Board prior to the monthly membership meeting, where a motion to pay the bills is still required to process the claims. A member of the Board who is not the requestor will sign off on the claim, indicating that it is approved for payment.

Audit recommendation - Board:

Adopt and implement a debit card policy that requires preapproval of all purchases or discontinue using the debit card.

Response: A policy for the use of the debit card was instituted last year after it was noted that we did not have a published one. Furthermore, the Financial Secretary will be researching obtaining a company credit card for purchases going forward, and will update/amend the policy as required per the use of the new company credit card. Estimated completion date 12/31/2022.

Audit recommendation - Board:

Ensure that the Treasurer and Financial Secretary perform monthly bank reconciliations for all Company bank accounts, maintain records of these reconciliations and provide bank statements and related reconciliations to the Board on a monthly basis.

Response: Bank statements are now reviewed monthly by the entire Board of Directors to ensure compliance with general accounting principles and scheduled disbursements.

Audit recommendation - Board:

Ensure that the Treasurer and Financial Secretary issue receipts for money collected, maintain adequate cash collections records and deposit funds intact and in a timely manner.

Response: The Financial Secretary is currently documenting the receipt of monies collected in a detailed manner. Deposit information will be included in the monthly report given to members during the monthly membership meeting, which will make the monthly reconciliation of bank deposits much easier.

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Audit recommendation - Board:

Ensure that Company members who are responsible for fundraising activities create activity reports that detail amounts collected, the price and quantity of items or tickets sold (when applicable) and indicate how advanced start-up money was used.

Response: A Fundraising Policy is being created to address the inadequacies found in this particular area of fire company activities. It will be a requirement of the chair and co-chair to provide a written report of monies collected and disbursed to the Board of Directors upon the completion of the fundraising activity.

Audit recommendation – Financial Secretary/Treasurer:

Pay claims only after the Board has audited and approved the claims.

Response: Will be instituted at the next Board meeting, Oct 26, 2022.

Audit recommendation – Financial Secretary/Treasurer:

Prepare formal monthly bank reconciliations for all bank accounts and investigate and correct any differences between adjusted bank balances and recorded cash balances in a timely manner. Also, maintain records of all bank reconciliations.

Response: Going forward, the monthly report, declaration of deposits, deposit slip, and copies of cleared checks will be put together in a packet and filed away after they have been reviewed and signed off on by the Board of Directors. Ultimately, once sent by the bank, the bank statements will also be attached to the written monthly report.

Audit recommendation – Financial Secretary/Treasurer:

Investigate the reasons for the \$4,048 and \$7,615 differences between the bank balances and the Company's financial records identified in this report and ensure that the records are properly adjusted.

Response: The Board working with the Financial Secretary will undertake this review and determine what corrective actions are necessary.

Audit recommendation – Financial Secretary/Treasurer:

Properly account for – and issue duplicate, consecutively press-numbered receipts for – all collections, or maintain some other form of documentation to show the source, date received, amount, payment type and purpose for all Company funds collected.

Response: The current Financial Secretary is now utilizing electronic financial records via [REDACTED], and will shortly begin to utilize [REDACTED], with a completely revamped General Ledger. This will facilitate the quick and easy review of all receipts. We will not adopt the use of press-numbered paper receipts. Estimated start date of the use of [REDACTED] is 01/01/2023.

See
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Audit recommendation – Financial Secretary/Treasurer:

Deposit funds intact and in a timely manner.

Response: The use of the wording “timely manner” is an overly general phrase that can mean different things to different people. A reasonable timeframe of fifteen to thirty days for deposits to be completed will be written into the new Bylaws currently being developed by the Bylaws committee, of which the Financial Secretary is a member of.

See
Note 2
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Audit recommendation – Financial Secretary/Treasurer:

Properly account for start-up funds advanced for fundraising events and reconcile them to remitted receipts and unused funds at the end of each fundraising event.

Response: The Fundraising Policy being developed will require a written report detailing all the use of start-up funds. This policy will incorporate these recommendations. Estimated completion date of the policy creation is 12/31/2022.

Audit recommendation – Audit Committee:

Semiannually review the Treasurer and Financial Secretary’s financial records and monthly bank reconciliations and related records for all bank accounts.

Response: The Audit Committee will review the written reports and bank reconciliations semi-annually, and a report of their findings will be included in the monthly file for the month the audit was performed in.

Sincerely,

Michelle Kapusta
Company Vice President

Appendix B: OSC Comments on the Company's Response

Note 1

The Company's bylaws require the Treasurer to issue a receipt for all money collected.

Note 2

The Company's response is inconsistent with its bylaws, which require the Treasurer to make deposits within three days of collection.

Appendix C: 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 Company officials and reviewed Company bylaws, meeting minutes and other supporting documentation to obtain an understanding of the Company's financial operations.
- We interviewed the Treasurer and Financial Secretary to determine whether they completed bank reconciliations. We also interviewed Company officials regarding whether they reviewed completed reconciliations, bank statements and canceled check images.
- We used our professional judgment to review 40 Company disbursements totaling \$404,843 to determine whether they had adequate supporting documentation and were for appropriate Company purposes. We chose to review disbursements that were higher risk, such as excessive purchases, unusual items, purchases for unusual or excessive amounts (dollar amounts and numbers of items), and payments made to Board members, Company officers and known Company members.
- We used our professional judgment to review 20 Company disbursements related to debit card purchases totaling \$9,452. We determined whether the disbursements had adequate supporting documentation, were for appropriate purposes and whether officials or Company members obtained prior approval before initiating the transactions. We chose to review disbursements that were higher-risk debit card purchases, for unusual items and/or amounts (dollar amounts and numbers of items), and purchased from higher-risk vendors.
- We compared the 60 selected disbursements to the Company's financial records and supporting documentation, such as invoices, receipts and canceled check images. We determined whether the supporting documentation was adequate and whether disbursements were for appropriate Company expenses and were approved for payment.
- We compared all collections listed in the Financial Secretary's manual cash receipts journal, and received during our audit period, to deposit compositions obtained from the bank. We determined whether collections recorded in the manual log were deposited.
- We used our professional judgment to select five fundraising activities with recorded collections totaling \$16,952 to determine whether the Company properly accounted for fundraising activities. We chose to review these five fundraising activities due to the risk posed by cash advanced for start-up and cash proceeds collected. We reviewed amounts advanced to Company

members for fundraising start-up cash and determined, to the extent possible, whether the start-up cash was returned to the Treasurer along with the fundraising proceeds.

We conducted this performance audit in accordance with generally accepted government auditing standards (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.

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. We encourage the Board to prepare a written corrective action plan (CAP) that addresses the recommendations in this report and forward it to our office within 90 days. 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. We encourage the Board to make the CAP available for public review.

Appendix D: 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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Division of Local Government and School Accountability
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