



North Amityville Fire Company, Inc.

Cash Disbursements

2022M-163 | April 2023

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Report Highlights

North Amityville Fire Company, Inc.

Audit Objective

Determine whether the North Amityville Fire Company, Inc. (Company) Board of Governors (Board) ensured that cash disbursements were for appropriate Company purposes and supported.

Key Findings

The Board did not ensure that all cash disbursements were for appropriate Company purposes or supported. Of the \$3.6 million in disbursements made during the two-year audit period, we reviewed 373 disbursements totaling \$653,480 and found disbursements totaling \$585,792 were for inappropriate purchases and/or not supported. Examples of inappropriate purchases and unsupported disbursements:

- \$106,542 in unsupported cash disbursements were made to six Board members and the Chief.
- \$44,820 for domestic flights and lodging in, among other places, Dallas, Texas; Indianapolis, Indiana; Las Vegas, Nevada; and Nashville, Tennessee.
- \$32,093 for service and maintenance to vehicles the Company did not own or could not provide support for.
- \$11,258 for Christmas gifts that included, but were not limited to, gift cards, clothing, drones and video games.
- \$10,853 for one Board member's Alaskan cruise vacation and the Chief's vacation to a clothing-optional resort in Jamaica with his spouse, Secretary to the Board.
- \$7,239 for alcohol.
- \$5,121 for 14-karat gold and diamond rings for the Chief and his spouse.
- \$2,728 for optical services.
- \$1,998 for professional basketball tickets.

As a result, we shared our audit findings with outside law enforcement.

Key Recommendations

- Ensure all disbursements are for appropriate Company purposes and supported.
- Maintain a complete and accurate record of all cash disbursements paid by the Company.

Company officials agreed with our findings and indicated they plan to initiate corrective action.

Background

The Company is a not-for-profit organization incorporated in 1940 to provide fire protection services within North Amityville Fire Protection Districts 5 and 6 in the Town of Babylon (Town) in Suffolk County.

The Company is governed by its adopted bylaws. The elected five-member Board is responsible for managing the Company's financial activities, which are funded primarily by a fire protection contract with the Town and donations from the community. The Town pays the Company primarily from its tax revenues.

The Chief has control of the Company's firefighting operations and is responsible to the Board for its proper management.

Quick Facts

2018 Fire Protection Contract with the Town of Babylon	\$2,644,447
Fire Protection Contract as Percent of Company Revenue	99.8%
Total Audit Period Disbursement Checks	\$3,625,503
Number of Disbursement Checks Issued in Audit Period	1,749
2018 Active Members	40

Audit Period

January 1, 2017 – December 31, 2018

Cash Disbursements

The Company issued 1,749 checks totaling \$3,625,503 during the audit period. We reviewed 373, or 21 percent, of these disbursements totaling \$653,480. We found that for the disbursements reviewed, the Company could not provide support, provided insufficient supporting documentation and made purchases that were not for appropriate Company business totaling \$585,792 (Figure 1).

These findings were referred to outside law enforcement for review.

Figure 1: Disbursements Reviewed

	Reviewed	Exceptions
Company Officials	\$243,165	\$239,949
Company Credit Card	255,068	245,647*
Vendors with Credit Accounts	110,966	61,503
Other Questionable Disbursements	44,281	38,693
Total	\$653,480	\$585,792

*This value includes exceptions to credit card transactions reviewed and the disbursements for credit card payments for which the Company could not provide support.

How Can the Board Provide an Effective Cash Disbursements Process?

A fire company board should adopt adequate policies and procedures to establish accountability over cash disbursements and ensure disbursements are only for appropriate fire company purposes.

New York State Not for Profit Corporation Law (NFPCL) Sections 202(a) and 402(a)(2) generally limit the disbursement of fire company funds to the corporate purpose established in a fire company's certificate of incorporation (COI). While a fire company has broad discretion to decide how to use its resources in furtherance of its corporate purposes, that discretion is not unlimited, as it is subject to applicable statutory limitations and limitations set forth in its COI.

The Company's COI states that the Company's purpose is to provide fire protection services for citizens and residents of the community by purchasing or acquiring equipment and apparatus for firefighting services. The Company should perform business activities which may appear necessary or expedient to protect citizens' life and property.

NFPCL Section 202(a) gives a corporation (e.g., a fire company) the authority to adopt bylaws relating to its activities, the conduct of its affairs and the powers of the members, directors and officers. The Company's bylaws authorize the Board to expend all funds in accordance with the approved budget for the payment of routine expenses and requires the Board to keep a complete and accurate record of all business transactions. Such records should include documentation supporting the nature and purpose of cash disbursements, including invoices, receipts and expense vouchers detailing how Company funds are spent. The Chief is required to keep an accurate account of all business transactions in the Chief's office. The Chief has the authority to spend up to \$500 each year on purchases that, in their judgment, warrant the expenditure.

A fire company board should adopt written policies addressing credit card usage and the documentation necessary to support purchases made by authorized users. The purpose of each credit card purchase and the name of the individual who made the purchase should be documented. A fire company board should review and approve disbursements related to credit card statements by reconciling the statement with itemized receipts and invoices.

A fire company board should adopt written policies addressing credit card usage and the documentation necessary to support purchases made by authorized users.

Disbursements To Company Officials Were Not Adequately Supported or for Appropriate Business Purposes

During our audit period, the Company disbursed 233 checks totaling \$293,236 payable to Board members and other Company officials and members. We reviewed 169 disbursements totaling \$243,165 made to the six Board members¹ and the Chief (Figure 2).

Company records did not include support, such as receipts, invoices or other documentation, to substantiate how the funds for 77 disbursements totaling \$106,542 were spent. Furthermore, the support for the

Figure 2: Disbursements Paid to Company Officials

Official	Amount Paid	Number Paid
Chief	\$109,161	92
Board Chairman	37,082	23
Board Member 1	31,791	21
Board Vice-Chairman	26,050	11
Board Secretary	15,800	8
Board Member 2	13,704	8
Board Member 3	9,577	6
Total	\$243,165	169

remaining 92 disbursements totaling \$136,623 was generally inadequate. Due to the lack of documentation, we requested to meet with each individual to discuss the disbursements they received. We met with all six current and former Board members; however, the Chief declined to speak with the audit team. The disbursements to Company officials were not always adequately supported and were not always for appropriate Company purposes. For example:

- The Company made 21 disbursements totaling \$35,200 to Board member 1, Board member 2 and the Chief for travel-related purposes where these officials each received two or more checks on or about the same date and for the same purpose. Company officials did not provide receipts, invoices or supporting documentation to show how the funds were spent. For example, the Chief received two \$2,500 disbursements with consecutive

¹ Six Board members served the Company during the audit period, as one Board member stepped down at the end of 2017 and a new Board member was elected in 2018.

check numbers on the same date. The purpose on the Company's vouchers was identical, stating that the payment was for a firehouse convention in Nashville, Tennessee in October 2018. The Chief declined to speak with the audit team to discuss why two payments for the same purpose were necessary, and there were no receipts or other documentation attached to the claim voucher.

- Board member 1 received two \$1,000 payments with consecutive check numbers, issued on the same date and for the same purpose. The attached voucher stated that the disbursements were for petty cash for a firehouse convention in Nashville, Tennessee in October 2017. The voucher for the second disbursement stated it was for a "guest" of Board member 1. The Board member acknowledged the additional payment was for meals and incidentals for his spouse who also attended the convention. The spouse was not a member of the Company. The Board member could not provide receipts or other documentation to show how the money was spent.
- The Chief and six Board members received nine payments totaling \$21,000 for Christmas-related expenses. The Company had support for a \$2,500 check to the Board Chairman, but could not provide support for the remaining eight payments. The support for the Board Chairman's payment included a check stub and voucher that said, "Christmas Bonus." The Board Chairman could not recall how the funds were spent, but said they may have been used to help disadvantaged families in the community. The Board Vice-Chairman said that the funds were used to help Company members who need financial assistance, but how the funds were spent was not documented and there were no receipts.
- The Company made four disbursements (two to the Chief and one each to the Board Secretary and Board member 1) for gratuities and miscellaneous expenses at the Company's 2017 and 2018 installation dinners totaling \$11,000. Company records did not include adequate support for these four payments. The support for the Board Secretary's payment included a handwritten check stub and a claim voucher for \$1,300 for "Master of Ceremony – Installation Dinner." The Board Secretary told us that he performed the master of ceremony duties at the 2017 dinner but that these funds were for tips to the staff at the venue, and not as payment for his services. The support for the payment to Board member 1 for \$2,500 indicated it was also for gratuities at the same installation dinner. The Chief received a \$2,500 payment for miscellaneous expenses at the 2017 installation dinner and a \$4,700 payment for gratuities for the 2018 dinner. As previously indicated, the Chief declined to speak with the audit team.
- Board member 2 received a payment of \$6,004 as a reimbursement for a seven-day Alaskan cruise vacation for two people, including the cruise, flights from New York to Seattle, Washington, a hotel stay in Seattle, shuttle

Board member 2 received a disbursement of \$6,004 as a reimbursement for a seven-day Alaskan cruise vacation. ...

transportation and travel insurance. Board member 2 told us that the Board approved the payment as a gift for his years of service to the Company before stepping down. The Board member also acknowledged that the second individual listed in the travel documentation was his spouse, who was not a Company member.

- The Company issued a check to the Chief for \$3,000 that was petty cash for a professional basketball game in March 2018. No receipts, invoices or other documentation was included in the claim voucher to support how the funds were spent. Again, the Chief declined to speak with the audit team to detail how the funds were spent at the game.
- The Company made two payments to the Chief on the same date totaling \$2,600 for which the support for each disbursement listed the same purpose. The support for the first disbursement totaling \$1,600 indicated that the payment was for hamburgers/hot dogs/buns, the member's parade and a Company meeting. The support for the second disbursement totaling \$1,000 also said that the payment was for hamburgers/hot dogs/buns, the member's parade and a Company meeting. No receipts, invoices or other supporting documentation were included indicating whether the funds were spent for the intended purpose. The Chief declined to speak with the audit team to discuss why he received two disbursements for the same purpose and how the funds were spent.

Company Credit Card Transactions Were Questionable

The Company has a credit card that was used by several individuals during the audit period to make routine purchases. However, the Company does not have a Board-adopted policy or written procedures addressing the types of purchases that may be made with the credit card or who is authorized to use the card. The Company made 23 disbursements totaling \$255,068 to the credit card vendor during the audit period. Company records did not include the monthly statements for eight of the 23 disbursements totaling \$64,511. Company officials contacted the bank and obtained copies of four of the eight missing statements, representing disbursements totaling \$38,403. The Company was unable to provide the remaining four statements totaling \$26,108.

Based on the 19 credit card statements provided, we were able to review 665 transactions² totaling \$222,421, or about 87 percent of the payments to vendors using the Company credit card. However, Company records included support for

² This amount includes purchase and credit transactions per the credit card statements during the audit period. As the Company could not provide all credit card statements, we could not determine the complete population of transactions on the credit card during the audit period.

only 19 of these 665 transactions totaling \$11,316, or 3 percent of the credit card transactions reviewed. The available support was insufficient to determine that Company credit card transactions were for appropriate Company purposes.

International Travel – The Company had eight transactions totaling \$4,849 for travel-related expenses from New York to a clothing-optional resort in Jamaica. The transactions also included flights for the Chief and the Chief’s spouse – who is also the Board Chairman’s daughter – and a limousine company for transportation to the airport. No receipts, invoices or supporting documentation were attached detailing why this was a necessary business expense. The Board Chairman was unsure why these transactions were made on the credit card and the Chief declined to speak with the audit team.

Domestic Hotels – The Company had 35 credit card transactions totaling \$30,997 for lodging at domestic hotels. No receipts, invoices or supporting documentation were included for any transaction indicating its business purpose, who utilized the lodging or the duration of the stay. Board members said that these payments were for lodging at conferences and trainings. Board members indicated that receipts were submitted, but they may have been misplaced. The Board Vice-Chairman said that they are unsure whether receipts are submitted and, in certain instances, receipts were not submitted. Examples of lodging that the Company could not substantiate include:

- Eight transactions totaling \$12,046 for hotel lodging in Nashville, Tennessee. This includes five transactions totaling \$7,995 in 2018 and three transactions totaling \$4,051 in 2017.
- Four transactions totaling \$8,724 for hotel lodging in Indianapolis, Indiana. This includes three transactions totaling \$7,346 in 2017 and one transaction totaling \$1,378 in 2018.

Air Travel – The Company had 32 credit card transactions totaling \$16,744 for flights during the audit period. This includes 26 transactions for domestic flights totaling \$13,823, four transactions totaling \$1,564 for the previously discussed flights to Jamaica and two transactions totaling \$1,357 where no origin or destination was documented in the credit card statement. The Company was unable to provide boarding passes, airline receipts or other support documenting why any of the flights were necessary business expenses. Our review of air travel transactions included the following:

- Eleven transactions totaling \$6,505 were for flights for the spouses and children of Company members (Figure 3).

The Company had eight transactions totaling \$4,849 for travel-related expenses from New York to a clothing-optional resort in Jamaica.

Figure 3: Flights Paid With Company Credit Card

Destination	Number of Transactions	Total Amount
Nashville, Tennessee	6	\$4,150
Indianapolis, Indiana	2	1,291
Montego Bay, Jamaica	1	483
Kingston, Jamaica	1	299
Dallas, Texas	1	282
Total	11	\$6,505

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- Two transactions totaling \$1,212 were for flights from Salt Lake City, Utah to Detroit, Michigan. The Board Chairman said this was most likely for an emergency medical service conference based on the members who traveled, and that this was possibly a connecting flight. However, the Board Chairman acknowledged that he could not determine the actual purpose or appropriateness of the expenditures because they did not have the necessary support.
 - Two transactions totaling \$709 were for flights for two Company members to Las Vegas, Nevada from New York, New York. The Board Chairman could not explain why the Company credit card was used to purchase flights to Las Vegas.
 - Two transactions totaling \$564 for flights for the Chief and his spouse to Dallas, Texas from New York, New York. The Chief declined to speak with the audit team to discuss why the flight purchases to Dallas were a necessary Company expense.

Christmas Gifts and Candy – The Company hosts an annual Christmas party at the firehouse. The Board Chairman said they purchase gifts and candy on the credit card for members’ children and children in the community each year. The Company had 20 credit card transactions totaling \$15,548 for Christmas gifts and candy purchases during the audit period:

- In 2018, the Company had 15 transactions from a department store totaling \$5,703 to purchase presents for the Christmas party. The Company could not provide invoices, receipts or other supporting documentation detailing whether the items purchased were for the Christmas party, for whom the presents were intended or how the Company determined what to purchase. After the end of our fieldwork, we obtained the receipts for these transactions and found that the items purchased included:
 - Gift cards;
 - Video game console and controller;
 - Smart watch;
 - Drones;
 - Video games;
 - Model and radio-controlled cars; and
 - Clothing.
- In 2017, the Company had three transactions from a toy store totaling \$5,555 that the claim vouchers indicated were to purchase presents for the Christmas party. However, Company records did not include invoices,

The Company had 20 credit card transactions totaling \$15,548 for Christmas gifts and candy purchases during the audit period.

receipts or other supporting documentation detailing what was actually purchased, or the business purpose of the expense.

- The Company had two transactions from a candy company totaling \$4,290. Company records included support for one of the purchases in November 2018 totaling \$1,796. The claim voucher indicated the purchase was for “annual candy canes.” The support provided no further detail related to the purpose of the purchase. There was no documentation to support the second disbursement to this vendor for \$2,494 in November 2017. The Board Vice-Chairman told us that this purchase was for candy to be distributed at the 2017 Christmas party and Santa ride.

Non-Company Vehicles – The Company had credit card transactions with vendors that provide service, maintenance and equipment for vehicles. As the Company was unable to provide support for a majority of the payments related to these vendors, Board members could not determine the appropriateness and validity of all the transactions. Specifically:

- The Company had 21 transactions with an automotive vendor totaling \$26,899. The claim voucher included support for one of these transactions totaling \$1,547. The invoice indicated that the vendor performed service on a 2002 Mercury Grand Marquis in June 2018. The vehicle was not registered to the Company. The Board Chairman could not explain why services were performed on a non-Company vehicle.
- The Company had five transactions with a discount tire store totaling \$3,199. Claim vouchers included support for one of these transactions totaling \$854. The invoice and claim voucher indicated that the Company purchased four tires to be installed on a 2012 Hyundai Santa Fe in November 2018. The voucher also noted that the tires were for a “Commissioner’s vehicle.” The vehicle was not registered to the Company. The Board Chairman could not explain why services were performed on a non-Company vehicle.
- The Company paid a claim to an auto glass company for five invoices totaling \$1,995. One invoice indicated that the Company purchased mirrors totaling \$70 for a 1999 Dodge Durango in January 2017. The vehicle was not registered to the Company. Two invoices totaling \$840 did not have a vehicle listed indicating whether the purchase was related to a Company vehicle. There were no issues with the remaining two invoices; however, the Board Chairman could not explain why services were performed on a non-Company vehicle or why they paid for invoices with no vehicle detail.

Purchase of Alcohol – The Company had four credit card transactions totaling \$4,509 with a liquor vendor. Company records did not include support for three transactions totaling \$3,449. One transaction totaling \$1,060 included a claim voucher and itemized receipt that indicated the Company purchased 24 bottles of alcohol and drink mixers. The voucher indicated the purchase was for the 2018

installation dinner. A Board member explained that the alcohol was for hospitality rooms at the venue for Company leadership and dignitaries to gather before and after the dinner.

Other Questionable Payments to Vendors – The Company had credit card transactions with vendors where the Company could not provide support and it was unclear why the Company would purchase goods or services from the vendor on the Company credit card. The Company had:

- 13 transactions totaling \$3,093 with an online travel company. The Board Chairman said that this vendor was used to book flights and hotels purchased on the credit card for trainings and conferences but could not provide support related to the transactions.
- Two transactions totaling \$2,728 with an optical company. The Board Vice-Chairman said he did not know what was purchased from the vendor or if it was for Company business purposes.
- One transaction totaling \$2,000 with an auto company. The Board Vice-Chairman said he did not know whether this vendor provided service on a Company vehicle, and that they would look into the purchase. They did not provide us with any further detail.
- One transaction totaling \$1,998 with a ticket box office. The Board Vice-Chairman indicated that the purchase was for tickets for a professional basketball game in March 2018. The Board Vice-Chairman said that tickets were offered to members who responded to the highest percentage of calls for the Company to keep up morale. The Company could not provide support detailing who responded to the highest percentage of calls and who went to the game.
- One transaction totaling \$915 with a jeweler. The Board Vice-Chairman said he did not know what was purchased from the vendor or whether it was for Company business purposes.

Purchases Made From Vendors With Credit Accounts Were Not Adequately Supported

We reviewed 143 cash disbursements totaling \$110,966 that the Company made to nine vendors with credit accounts. The Company was unable to provide support for 22 of these cash disbursements totaling \$17,439. While Company records included support for 121 cash disbursements totaling \$93,527, the support was not adequate to determine whether the purchases were for appropriate business purposes. For example:

Gift Cards – The Company purchased 102 gift cards totaling \$6,397 during the audit period from an office supply store. The support did not include information

The Company purchased 102 gift cards totaling \$6,397 during the audit period from an office supply store.

detailing why this was a necessary business expense and who the gift cards were for. The Board Chairman said that gift cards may be purchased for the Company's Christmas party, but could not explain why they were purchased in several months throughout the audit period.

Floral Arrangements – The Company made 13 disbursements to a florist totaling \$5,580; 11 of these disbursements totaling \$5,314 did not contain sufficient documentation to determine they were for appropriate Company purposes. The Board Vice-Chairman indicated that they purchase flowers for installation dinners and that they often send floral arrangements as condolences to members and their families, and that the implication is that the items sent are on the Company's behalf.

Alcohol – Disbursements made to a beverage vendor included 18 invoices in which the Company purchased alcohol totaling \$2,730. The Company documented the reason for the alcohol purchases for two of these invoices totaling \$372. One claim voucher for \$168 in alcohol purchases indicated it was for the in-house supply for April 2018. A second voucher for \$204 in alcohol purchases indicated it was for the 2018 installation dinner. The Company did not document the reason for the remaining 16 instances of alcohol purchased from this vendor totaling \$2,358. The Board Vice-Chairman said that they purchase alcohol for up to three events per month that are hosted at the firehouse, and that alcohol is provided at no cost to members and guests. The Board Vice-Chairman said they would try to provide support for the alcohol purchases, but did not provide further detail to the audit team.

Unknown Vehicles – The Company made four payments totaling \$4,078 to a tire store in which the vehicle serviced was not listed on the vendor's invoice. The Board Chairman told us that they use this vendor to service Company vehicles. However, due to the lack of documentation, they could not determine whether the Company owned the vehicles serviced in these instances.

Additional Company Disbursements Were Questionable

We reviewed 38 disbursements totaling \$44,281 that the audit team deemed questionable based on the vendor name and the nature of the transaction.³ These other questionable cash disbursements were not adequately supported or for appropriate business purposes.

Catering Services – The Company made three disbursements to a catering vendor totaling \$10,750. The respective claim vouchers did not indicate the specific goods or services the vendor provided and did not have attached invoices

³ See Appendix B for sampling methodology.

from the vendor. For example, two disbursements to the vendor totaling \$3,625 with consecutive check numbers were on the same date. The claim voucher indicated that the vendor was paid for a Company picnic and an “aerial wet down” in August 2018. An invoice from a party rental vendor totaling \$1,238 was attached to the voucher. No other support was included to substantiate the disbursement. The Board Chairman said he was unsure why there was no support documenting the catering services provided to the Company and why an invoice for another vendor was included in the support.

Jewelry Purchases – The Company made two disbursements totaling \$5,121 to a jeweler. The invoice for one disbursement totaling \$3,542 was for a 14-karat gold and diamond ring for the Chief. The invoice for the second disbursement totaling \$1,579 was for a 14-karat gold ring for the Chief’s spouse, who was not a Company member. No support was included to substantiate why these purchases were appropriate business expenses. The Board Chairman told us that it has been the Company’s practice to purchase a ring for Chiefs and a small jewelry item for their spouse when they have completed their term of service. The jewelry purchases do not further the Company’s corporate purpose.

Personal Credit Cards – The Company made four disbursements totaling \$3,905 to a credit card vendor that the Company does not have a credit card with. The claim vouchers indicated that these were requests for expense reimbursement for items such as Christmas purchases, rental car, hotel, convention “overages,” and restaurant meals. However, they did not indicate the specific member who incurred the expenses and did not have adequate support to indicate these expenses were for valid Company purposes. Generally, reimbursements for appropriate business expenses should be made to the individual who incurred the expense, not the individual’s credit card, and the expenses should be supported by receipts.

Due to the lack of policies and procedures over the cash disbursements process, Company officials could not determine how all Company funds were spent. When funds are disbursed without adequate supporting documentation to determine the purpose of the expenditure, there is no assurance that funds are being expended to further the Company’s purpose of providing fire protection services to the community.

What Do We Recommend?

The Board should:

1. Consult with legal counsel to seek recovery of inappropriate payments identified in this report.

The invoice... totaling \$1,579 was for a 14-karat gold ring for the Chief’s spouse, who was not a Company member.

-
2. Maintain a complete and accurate record of all cash disbursements paid by the Company.
 3. Approve payments with sufficient support, such as receipts, invoices and other documentation, that properly document the purpose of the disbursement.
 4. Ensure all disbursements are for Company business activities.
 5. Ensure that only Company members travel for trainings and conferences.
 6. Cease paying cash disbursements for goods and services that do not further the Company's purpose, including alcohol, non-Company vehicles, international travel, gifts and gratuities.
 7. Adopt a credit card policy addressing credit card usage and the documentation necessary to support purchases by authorized users.
 8. Ensure that all credit card transactions are adequately supported and necessary before approving payment.

The Chief should:

9. Maintain an accurate account of all business transactions in the Chief's office.
10. Refrain from spending Company funds in excess of \$500 per year, in accordance with the bylaws.

Appendix A: Response From Company Officials



- BOARD OF GOVERNORS -

LAWRENCE KRUMENACKER, Chairman

JEROME MOORE, Vice-Chairman

SARAH FEINGOLD, Secretary

RASHADA DELANEY, Member

SEAN RASDALL, Member

AUDIT RESPONSE

The North Amityville Fire Company very much appreciates the significant efforts of the State Comptroller's Office in its audit of the 2017-2018 period. In early 2022, well before the audit results were complete or available, the membership took significant and effective steps to remove the prior board members from office. The membership was dissatisfied with the leadership and transparency of the prior Board of Directors and felt such action was necessary. To be certain, the Fire Company is effectively a completely new entity with new leadership and significant oversight.

It is clear that some of the 2017-2018 funds were spent on items which were not for the benefit of the Fire Company or its corporate purposes. Other funds were likely proper expenditures but the record keeping efforts of the past administration are best described as ineffective or non-existent. That said, this is a new day.

To say that the Fire Company overhauled and improved its fiscal oversight since the audit period would be an understatement. In 2022, due to the efforts of the Town of Babylon to ensure the proper functioning of the Company, the Fire Company hired two outside experts to assist with overseeing and monitoring the operations of the Fire Company. The Fire Company replaced the its accountant and replaced the prior bookkeeper, both of whom served at the time of the audit period.

In early 2022, the membership retained the Pinsky Law Group, PLLC to redraft its bylaws, draft and implement effective fiscal control policies, and to assist with practices designed to ensure the proper expenditure and oversight of the Fire Company's funds.

All of our officers, directors and employees have been vetted through a conflict of interest process to avoid the improprieties of the past. Each of the new directors attended a sixteen (16) hour Board of Director/Officer legal training course. The Fire Company amended the corporation's certificate of incorporation and converted the organization from a 501(c)(4) to a (c)(3) entity, which was approved by the Internal Revenue Service in September 2022.

We are working closely with our attorneys and town representatives to coordinate efforts to recoup some of the funds that were spent on non-Fire Company funds.

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North Amityville
NORTH AMITYVILLE



Fire Company, Inc.
LONG ISLAND, N.Y. 11701

- BOARD OF GOVERNORS -

LAWRENCE KRUMENACKER, Chairman
JEROME MOORE, Vice-Chairman
SARAH FEINGOLD, Secretary
RASHADA DELANEY, Member
SEAN RASDALL, Member

While the members and officers of the Fire Company are greatly embarrassed by the actions of its prior Board and certain officers, this truly is a new day. We look forward to the next audit and invite the Comptroller to return in 2023 to see how the Fire Company has become a model for fiscal conservation and oversight.

Respectfully,

Lawrence Krumenacker
Chairman
Board of Governors

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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 Board members to gain an understanding of the Company's cash disbursements processes and procedures and to ask them about transactions for which there was insufficient supporting documentation in the Company's cash disbursements records. The Chief declined our request to be interviewed.
- We reviewed the Company's COI and bylaws to gain an understanding of the roles and fiscal responsibilities of the various members and officers.
- The Company made 233 cash disbursements totaling \$293,236 to members and officials during the audit period. Using our professional judgment, we selected a sample of 169 cash disbursements totaling \$243,165 that were paid to the six Board members and the Chief who served the Company during the audit period to determine whether the disbursements were adequately supported and for appropriate Company purposes.
- The Company made 23 cash disbursements totaling \$255,068 for transactions paid with the Company credit card during the audit period. The Company was able to provide the credit card statements associated with 19 cash disbursements totaling \$228,960. The Company was not able to provide credit card statements associated with four cash disbursements totaling \$26,108. We determined that the Company had 665 transactions on the credit card during the audit period per the support the Company was able to provide. We reviewed the transactions made on the Company credit card to determine whether they were adequately supported and for appropriate Company purposes.
- We interviewed Company officials and reviewed support to identify vendors for which the Company had credit accounts. We determined that the Company made 143 cash disbursements totaling \$110,966 to nine vendors with credit accounts during the audit period. We reviewed all cash disbursements to vendors with credit accounts to determine whether they were adequately supported and for appropriate Company purposes.
- The audit team was provided boxes containing the Company's cash disbursements records. In our search for the support for disbursements related to Company officials, credit cards and credit accounts, we observed cash disbursements in which the vendor name or the nature of the transaction, in our professional judgment, appeared questionable. We selected these transactions, which included 38 cash disbursements totaling \$44,281, to include in our audit scope to determine whether they were adequately supported and for appropriate Company purposes.

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. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and provided 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 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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Division of Local Government and School Accountability
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www.osc.state.ny.us/local-government

Local Government and School Accountability Help Line: (866) 321-8503

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