



# Mattituck Fire District

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## Claims Audit

**2025M-48 | December 2025**

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# Audit Results

## Mattituck Fire District



### Audit Objective

### Audit Period

Did the Board of Fire Commissioners (Board) of the Mattituck Fire District (District) effectively audit claims before payment?

January 1, 2023 – June 30, 2024

### Understanding the Audit Area

An effective audit of claims is often the last line of defense for preventing unauthorized, improper or fraudulent claims from being paid. A proper claims audit ensures that all claims are subjected to an independent, thorough and deliberate review which determines, among other things, that each purchase is for a proper fire district purpose and is adequately supported and approved. Generally, the Board must audit and approve all claims against the District before directing the Treasurer to pay them.

The District's expenditures for 2023 were approximately \$1.6 million and 2024 budgeted appropriations were nearly \$3 million, which were funded primarily by real property taxes. During the audit period, the District issued 890 nonpayroll disbursements totaling \$1.5 million.

## Audit Summary

The Board did not ensure that all nonpayroll disbursements were appropriate, adequately supported, audited and approved before claims were paid. When the Board does not perform a thorough and complete review of claims to ensure they are supported by adequate invoices or other documentation, the District has an increased risk that it could incur unnecessary costs or pay for goods or services that were not received or that were not valid District expenditures.

We determined that the Board did not always perform a thorough and deliberate audit of claims before approving payments, and the Treasurer paid claims that were never audited by the Board. We reviewed 135 claims totaling \$194,478<sup>1</sup> and determined that the Board should not have approved 90 claims (67 percent) totaling \$125,562. The Board did not:

- Ensure that all claims were adequately supported and excluded sales tax and late fees before approving them for payment. Specifically, the Board should not have approved 90 claims (67

<sup>1</sup> Refer to Appendix D for further information on our sample selection.

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percent) totaling \$125,562 because the claims did not contain sufficient documentation to allow for a proper audit or the claim contained one or more discrepancies.

- Audit and approve all claims before the Treasurer issued the payments. Specifically, nine claims totaling \$23,651 were paid by the Treasurer but were never authorized to be paid through an approved warrant or Board resolution. Also, the Treasurer paid two claims totaling \$2,149 five and eight days before the Board audited and approved them.

Because the Board approved claims that did not have adequate supporting documentation, the District incurred \$331 of unnecessary sales tax and may have paid for goods and services that were not received or were not for proper District purposes.

The report includes 10 recommendations that, if implemented, will improve the Board's claims audit process. District officials disagreed with certain aspects of our findings but indicated that they plan to initiate corrective action. Appendix C includes our comments on issues raised in the District's response letter.

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the Office of the New York State Comptroller's (OSC) authority as set forth in Article 3 of the New York State General Municipal Law. Our methodology and standards are included in Appendix D.

The Board has the responsibility to initiate corrective action. Pursuant to Section 181-b of New York State Town Law (Town Law), a written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and forwarded to our office within 90 days. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make the CAP available for public review.

# Claims Audit: Findings and Recommendations

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To ensure that tax dollars are spent efficiently, a fire district (district) board (board) must conduct a thorough, deliberate and independent audit of claims before authorizing payments.

A claim is a demand presented for the payment of money due for goods that have been delivered or services that have been provided. A claim package should contain enough detail and documentation so that the board has sufficient information to determine whether the claim is reasonable and a legitimate district expenditure. All claim packages should include a claim voucher (voucher) that provides vendor details, purchase description, account code charged, claim amount, documentation of original approval of purchase and a receipt of goods. Every claim should be properly itemized and provide all information, including supporting documentation, to permit a satisfactory audit by a person who is entirely unfamiliar with the transaction.

More details on the criteria used in this report, as well as resources we make available to local officials that can help officials improve operations (Figure 1), are included in Appendix A.

## Finding 1 – The Board did not perform a thorough, deliberate or effective audit of claims.

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We reviewed 135 claims totaling \$194,478 that were paid during the audit period and determined that the Board should not have approved 90 claims (67 percent) totaling \$125,562 because the claims did not contain sufficient documentation to allow for a proper audit, or because the claims contained one or more discrepancies, as follows:

- 77 claims totaling \$108,754 did not have any evidence to indicate that the products and services were received. For example, the voucher for a \$17,250 disbursement (which was half of a \$34,500 invoice to supply and install high speed cable, video recorders and cameras) did not include a verification that the products were received for installation. The District Manager told us that she did not receive and/or keep packing slips for all items. She said that she retained and filed packing slips for medical supplies, and retained another vendor's emailed packing slips, but discarded all others. When this documentation is not provided and retained, and there is no indication on the claim that the products and/or services were received, the District has an increased risk that the claim is not legitimate.
- 40 claims totaling \$67,130 had incorrect or missing budget account codes on their vouchers. Nineteen claims did not have budget codes on the vouchers, and 21 claims had budget codes that did not match the Treasurer's corresponding journal entries. For example, a May 2023 credit card payment totaling \$2,478, which consisted of 15 different charges, did not have budget codes included on the voucher. A Board member told us that the Board did not check the budget to ensure that there were sufficient appropriations to pay the claims. Instead, the Board relied on the Treasurer to check the budget and recommend budget transfers at the end of the year for the budget codes where payments exceeded appropriations. The Treasurer should not pay claims if sufficient budgetary appropriations are unavailable. When the Board exceeds budgeted

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appropriations, it must transfer funds from other budget lines or fund balance in a timely manner. By waiting until the end of the year, officials cannot ensure that financial resources will be available to pay claims.

- Eleven claims totaling \$33,075 did not have sufficient or itemized invoices, or enough support to allow Board members to determine whether the claims were for a valid District purpose. For example, a \$4,525 payment to a credit card company included 19 different charges, but only 16 receipts were attached to the claim. Because three charges were not supported by a receipt, Board members could not verify whether the purchases were appropriate for the District's needs.
- Three claims included \$1,450 in payments (\$125 in foreign transaction fees and late fees, a \$1,100 payment to a department member to replace a damaged personal cell phone and a \$225 payment to a flower shop, which was owned by a Board member's wife) which were not valid District expenditures.
- Four claims totaling \$19,602 were not reviewed and initialed by the Board members. For example, the voucher for a \$1,200 payment for grading and compacting a District-owned dirt roadway did not have any Board member initials. The District Manager told us that the missing initials on these claims were an oversight and may have happened at a meeting where the Treasurer was absent. However, we determined that the Treasurer attended the meeting on the date that this claim was paid.
- Six claims totaling \$9,364 improperly included sales tax totaling \$331, which the District was exempt from paying. The District Manager told us that it was her fault that the District was charged sales tax totaling \$331 and that it was an oversight. She also said that she would pursue reimbursement for all \$331 of improperly paid sales tax. However, had the Board performed a thorough and deliberate review of these claims, it would have noticed the unnecessary tax and could have directed the District Manager to have the invoices corrected.

Furthermore, we identified that packing slips, estimates, quotes and contracts were not attached to any of the vouchers. The District Manager told us that she kept a separate file for this supporting documentation and, if a Board member wanted to review the additional details, they could request to see it. Because these items were not included in the voucher packet that the Board audited, the Board could not confirm that goods and services were actually received and could not verify that invoice amounts were consistent with the estimate, quote or contract price.

Lastly, none of the 135 vouchers had the "District Use" section completed. The voucher received date and the Board resolution date were left blank. They also did not have any indication of whether the vouchers were approved or disapproved. Although the District's standard voucher form had a "District Use" section to document this information, the Treasurer was unaware that she should complete it. When officials use the standard voucher form as a voucher cover sheet and fill out all required information on the form, all claim information will be available to the Board and presented in a uniform and organized manner. The voucher should be completed in entirety or should be edited to include only information actually used and needed.

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In addition, the District did not adhere to the credit card policy, the travel policy or the disbursement procedures for claims, but the Board approved claims for credit card and travel purchases and disbursements anyway. Of the 135 claims that we reviewed:

- 16 claims totaling \$12,052 were for conference and travel reimbursements.
- Five claims totaling \$12,222 were payments for credit card bills, which included 75 credit card charges.
- Seven claims included 17 invoices totaling \$2,402 for refreshments.

Conference and Travel Reimbursements – Although District policy requires travelers to present detailed receipts for all expenditures, a signed voucher and a travel explanation report, signed vouchers and travel explanation reports were not attached to any of the 16 claims for travel reimbursements. For example, in May 2023 five travelers were paid a combined total of \$1,062 for daily food allowances while at a conference. However, these claims did not have any support confirming that the amounts were accurate.

A Board member told us that all conference travel is discussed and approved at Board meetings. Therefore, the Board member was aware of the expected reimbursement amounts. However, the Board's meeting minutes did not document these discussions, and the claims were approved without any supporting documentation. Further, the Treasurer told us that she created a travel form for travelers to fill out, which would provide her and the Board with all information needed for travel expenditures incurred by travelers and would help travelers comply with the travel policy. Although the travel form was available for use in late 2023, District travelers did not complete it.

Finally, the conference and travel vouchers that we reviewed included hotel room charges totaling \$5,164. Room charges were all higher than the GSA rate for each location. Although not required, had the Board included a requirement to obtain GSA lodging rates in the District's travel policy, the District could have saved \$3,268.<sup>2</sup>

Credit Card Claims – The District's credit card policy requires individuals to provide proper supporting documents for all purchases made using District credit cards. However, District officials did not comply with the credit card policy for five credit card claims totaling \$12,222, which included 75 charges. All five claims did not have sufficient supporting documentation and were missing itemized receipts. For example, a written note on a credit card statement indicated that a March 2023 charge totaling \$540 should not be paid because the charge was being cancelled. However, no additional details were provided, and no supporting receipt was attached.

In addition, the April 2023 credit card statement included this charge as being past due, along with an additional \$116 late fee, again without any support for the charge or late fee. Regardless, the Board approved the amount, and the Treasurer made the payment. The Treasurer and District Manager could not explain why there was no invoice to support the \$540 credit card charge and its payment.

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<sup>2</sup> Four invoices also included New York State sales tax totaling \$287 (\$29 per night for four rooms).

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Refreshment Reimbursements – District officials did not follow the District’s disbursement procedures for seven claims with 17 invoices for refreshments totaling \$2,402. Although the policy requires all refreshment purchases to be supported by a list of the members who attended a meeting or training event, the Board did not require proof of members’ attendance at these events where refreshments were served. A Board member told us that he attended all training events and knew that the claims were accurate. However, there is no guarantee that each Board member will attend all events where refreshments are served, but they still should be able to perform a thorough and deliberate review of refreshment claims before authorizing payment. In addition, when proof of attendance is not attached to refreshment claims, the District has an increased risk that it could pay for meals for unauthorized personnel.

Because the Board did not conduct a thorough, deliberate or effective claims audit, payments totaling \$65,079 for goods and services did not comply with District policies and procedures and/or payments totaling \$45,928 did not have sufficient support to show that they were valid District expenditures.

Furthermore, because the Board approved claims that did not have adequate supporting documentation, the District incurred unnecessary costs, which included sales tax totaling \$331 and an improper reimbursement payment totaling \$1,100, and may have paid for goods and services that were not received or were not for proper District purposes.

## Recommendations

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The Board should:

1. Conduct a thorough, deliberate and independent audit of all claims to ensure that they are adequate, complete and for appropriate District purposes and that there are sufficient appropriations to pay the claims.
2. Obtain reimbursement for the improper \$1,100 payment indicated in the report.
3. Ensure that all officials and members comply with the District’s accounting, travel and credit card policies and disbursement procedures when procuring goods and services.
4. Ensure that all claims do not include sales tax and have sufficient support to indicate that they are valid District expenditures before approving them for payment.
5. Consider revising the District’s travel policy to include maximum reimbursement rates, such as GSA lodging rates.

The Treasurer should:

6. Include all claims on a warrant and present all claims to the Board for audit with adequate, original supporting documentation, before paying them. Also, the Treasurer should provide legitimate prepaid claims to the Board for review at Board meetings after the claims have been paid.



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7. Complete the “District Use” section on the voucher form.
  8. Comply with the District’s travel policy and require travelers to sign vouchers and submit travel explanation reports for all travel reimbursements.

## **Finding 2 – The Treasurer paid claims before the Board audited them and that were never audited by the Board.**

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Of the 135 claims that we reviewed, we identified 13 claims totaling \$28,833 that the Treasurer paid either without or before Board audit and approval. Two utility bills totaling \$3,033 were legally allowed to be paid before the Board audited them, in accordance with an authorizing resolution adopted by the Board. The remaining 11 claims include the following:

- Nine claims totaling \$23,651 were not authorized to be paid through an approved warrant or Board resolution. These payments were for insurance (\$15,286); an installation dinner deposit (\$4,000); photography services (\$2,500); three reimbursements totaling \$1,072 to District members or officials for teaching a cardiopulmonary resuscitation (CPR) class (\$600), conference registration (\$245) and Memorial Day flowers (\$227); vehicle repairs (\$513); television and Internet services (\$235); and a purchase of unknown items from an online retailer (\$45). For example, the \$15,286 check for insurance cleared the bank on February 15, 2023, but it was not included on any District warrant or identified in the Board’s meeting minutes. The Treasurer told us that she forgot to include the claim on a warrant because it was a rush payment to prevent the District’s insurance from lapsing. However, the Treasurer did not include this prepaid claim on a warrant for the next month’s Board meeting.
- Two claims totaling \$2,149 were paid five and eight days before the Board audited them. These payments were for purchasing and installing an ice maker (\$2,125) and monthly card charge and paper delivery fees for a fuel credit card (\$24). For example, although a \$2,125 check payment for the ice maker’s installation cleared the bank on June 17, 2024, the Board resolution authorizing the payment was dated June 25, 2024, which was eight days after the payment was made. The District Manager and a Board member could not explain why the ice maker installation claim was paid before it was audited.

In addition, the Treasurer did not number claims and did not print disbursement checks before Board meetings. Therefore, consecutive claim numbers and check numbers were not included on the warrants. Consequently, the Board could not easily determine how many unaudited claims were paid since the previous Board meeting.

While the 11 claims appeared to be for appropriate District purposes, when officials disburse payments for claims before they are audited, or without being audited at all, the District has an increased risk that it could make inaccurate or improper payments that are not for valid District purposes.

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## Recommendations

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The Treasurer should:

9. Consecutively number each claim voucher form, print disbursement checks before Board meetings and include check details on each warrant.
10. Pay claims only after a proper Board audit and approval.

# Appendix A: Profile, Criteria and Resources

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## Profile

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The Mattituck Fire District serves the communities of Mattituck and Laurel within the Town of Southold in Suffolk County, on the North Fork of Long Island. The District is 11.5 square miles and serves about 4,898 residents. The District has approximately 20 paid staff and a fire department that has approximately 100 volunteer members. The District and Department provide services including fire protection, emergency medical services, fire rescue, fire incident scene support, mutual aid support to surrounding fire districts, and fire prevention training.

The District operates five buildings: a main firehouse, its original firehouse, an administration building, a garage and an off-premises community hall building.

The District's elected five-member Board is responsible for managing the District's finances, which include safeguarding resources and auditing claims.

The Board meets twice each month to conduct District business, such as auditing and approving claims. The Board-appointed Treasurer is the District's chief fiscal officer and is responsible for receiving, disbursing, recording and maintaining custody of all District money and preparing periodic financial reports. The District Manager is responsible for collecting, reviewing and submitting invoices to the Treasurer to begin the payment process.

## Criteria – Claims Audit

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A fire district board is required by Town Law Section 176 4-a to conduct a thorough, deliberate and independent audit of claims before payments are authorized, following guidance provided in a publication on our website titled *Local Government Management Guide – Improving the Effectiveness of Your Claims Auditing Process* (Figure 1).

A claim is a demand presented for the payment of money due for goods that have been delivered or services that have been provided. Every claim should be properly itemized and provide all information, including supporting documentation, to permit a satisfactory audit by a person who is entirely unfamiliar with the transaction.

When auditing claims, the board should ensure that claim packages contain enough detail and documentation so that the board has sufficient information to determine whether it should approve the claims. This includes ensuring that:

- Each claim is for a legitimate purpose of the fire district.
- Invoices are sufficiently itemized with information such as weight, quantity, size, grade, unit price and totals, and a full description of the goods or services provided.

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- Claims paid should be mathematically correct. Receipts and invoices should total the sum of the claim packet.
  - Sales tax is not charged for exempt expenditures. Fire districts generally are exempt from paying sales tax.
  - Goods and services are received by including documentation with each claim that confirms that goods were received and services were rendered. Including packing slips with claims helps officials verify that the correct items and amounts of goods are actually received by the District.
  - Sufficient appropriations are available to pay all claims. Including budget account codes on warrants allows the Board to check the budget to determine whether sufficient appropriations are available before paying the claims. The Treasurer should not pay claims if sufficient budgetary appropriations are unavailable. When the Board exceeds budgeted appropriations, it must transfer funds from other budget lines or fund balance in a timely manner.
  - Policies were followed, such as accounting, travel and credit card policies.

In addition, the board may, by resolution, authorize payments for public utility services (e.g., electric, gas, water, sewer and telephone), and postage, freight, and express delivery charges before the board audits the related claims. However, these claims should be audited as soon as possible after payment and be included on the next warrant as prepaid amounts.

When officials use the District's standard voucher form as a voucher cover sheet and fill out all required information on the form, all claim information will be available to the Board and presented in a uniform and organized manner. The voucher should be completed in its entirety.

Board approval should be documented on the claims, usually by signatures or initials of individual board members. Also, the board's meeting minutes should include which claims were audited; whether they were allowed or disallowed, in whole or in part; the beginning and ending claim numbers approved for payment; and the total amount of all claims that were approved for payment.

After the board approves the claims to be paid, it should express its authority to pay the claims through a warrant or resolution that authorizes and directs the district treasurer to pay the claims. Minimum requirements for a warrant generally include the claim number, name of claimant, amount approved and the fund and appropriation account (budget account code) to be charged. Including budget account codes on the warrants allows the Board to check the budget to determine whether sufficient appropriations are available before paying the claims.

Before board meetings, the treasurer should print the checks and present them to the board for authorization. If a claim is not authorized, the treasurer should hold the related check until all questions are answered. If the board does not approve a payment, the related check should be voided.

District fire chiefs are allowed to purchase refreshments after most training activities, standbys and extended fire calls. The chief who pays for the refreshments should submit a reimbursement request to the District and include an itemized receipt. The District's procedures state that, effective October 2020, chiefs must present a list of attendees who were present at the event with their reimbursement request.

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Also, there is no authority for a district to reimburse a chief or volunteer member for personal property lost or damaged while answering a fire alarm.

The District's credit card policy (last amended on February 14, 2023) requires the credit card user's signature or name to appear on all purchases, card users to include proper supporting documents and details for credit card charges, and requires the Treasurer to present all credit card transactions to the Board at its Board meetings. The Board must review and approve all credit card purchases before the payments are made to ensure that proposed payments represent actual and necessary District expenditures and comply with the District's policies.

The District's travel policy was updated during the audit period. The policy was adopted in January 2006 and revised January 2020. The 2020 version of the policy stated the following:

- The District will reimburse members for travel expenditures that include the most affordable transportation; lodging at the recommended venue, or, lodging that was available and closest to the recommended venue; meals at the U.S. General Services Administration (GSA) rate; and registration fees.
- Travelers will not be reimbursed for travel expenditures incurred when traveling outside New York State (NYS). This restriction did not apply to District Board members (commissioners), officers, managers and fire chiefs while traveling to attend conventions, conferences, training and political discussions related to the District.
- Travel arrangements shall be handled by the Fire District Secretary whenever possible.
- Travel, lodging and registration expenditures should be charged directly to the District whenever possible.
- Tax exempt certificates should be used at all times.
- Travelers must present detailed receipts for all expenditures, a signed voucher and a travel explanation report to the District to receive reimbursement.

The current policy in effect (dated February 2023) was the same as the previous policy, except the District added that meals could be reimbursed at the GSA rate or up to \$150 per day, upon presentation of receipts, and removed the New York State boundary restriction.<sup>3</sup> However, all three policies (2006, 2020 and 2023) did not require travelers to obtain GSA lodging rates or to stay within the GSA maximum lodging rates.

An effective and easy way to ensure that travel and conference expenditures stay within reasonable limits is to adopt the GSA's federal lodging, meal and mileage guidelines as the maximum travel rates. In addition, credit card usage for travel purposes must comply with the district's travel and credit card policies.

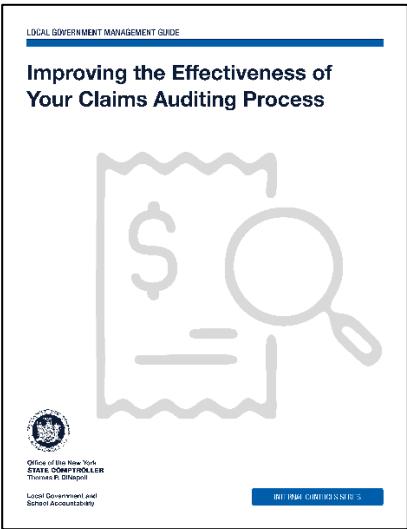
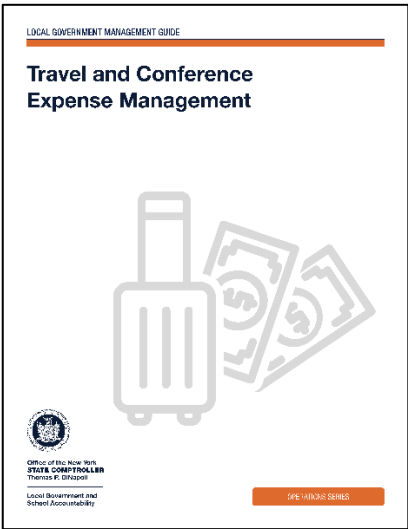
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3 No reimbursed travel outside State boundaries.

# Additional Claims Audit Resources

### Figure 1: OSC Publications

OSC's *Local Government Management Guides* and *Local Government Financial Toolboxes* are available on our website to help officials understand and perform their claims auditing responsibilities.

<i>Improving the Effectiveness of Your Claims Auditing Process</i>	<i>Travel and Conference Expense Management</i>
<div><div>LOCAL GOVERNMENT MANAGEMENT GUIDE</div><div>Improving the Effectiveness of Your Claims Auditing Process</div><div></div><div><a href="https://www.osc.ny.gov/files/local-government/publications/pdf/improving-the-effectiveness-of-claims-auditing-process.pdf">https://www.osc.ny.gov/files/local-government/publications/pdf/improving-the-effectiveness-of-claims-auditing-process.pdf</a></div></div>	<div><div>LOCAL GOVERNMENT MANAGEMENT GUIDE</div><div>Travel and Conference Expense Management</div><div></div><div><a href="https://www.osc.ny.gov/files/local-government/publications/pdf/travel-and-conference-expense-management.pdf">https://www.osc.ny.gov/files/local-government/publications/pdf/travel-and-conference-expense-management.pdf</a></div></div>

In addition, our website can be used to search for audits, resources, publications and training for officials: <https://www.osc.ny.gov/local-government>.

# Appendix B: Response From District Officials

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**MATTITUCK FIRE DISTRICT  
PO BOX 666, PIKE STREET  
MATTITUCK, NEW YORK 11952-0666**

**Commissioners**  
**David F. Haas, Chairman**

**Steven Libretto, Vice Chairman**  
Edward Webb  
Jacob Kupecki  
Edward Hanus, Jr.

**Jessica Harris, District Manager/Secretary**  
**Erica Frank, Treasurer**

November 28, 2025

Ira McCracken  
Chief of Municipal Audits  
Office of the State Comptroller  
Hauppauge Regional Office  
250 Veterans Memorial Highway  
Hauppauge, NY 11788-5533

Dear Ms. McCracken,

Please accept this letter as the Mattituck Fire District's official response to the draft report (2025M-48) entitled Claims Audit, conducted by the New York State Comptroller's Office for the period January 1, 2023 - June 30, 2024.

We acknowledge the findings and recommendations presented in the draft report and please note that some of the findings have already been addressed and corrected.

**Finding 1: The Board did not perform a thorough, deliberate, or effective audit of claims.**

**1. Delivery and Product Verification**

In response to the finding that the district lacked evidence confirming the receipt of products and services, the district has centralized all deliveries to the district office. Upon receipt, items are checked against the packing slip to ensure all items are delivered as ordered. The packing slips are then filed for documentation. When an invoice is received, the District Manager reviews it, marks it as "OK to pay," and submits it to the Treasurer for payment processing.

**2. Incorrect or Missing Budget Codes**

In response to the finding that claims had incorrect or missing budget codes, the Treasurer now provides the Board with a detailed report from the accounting software showing the relevant budget code for each expense. Before each meeting, the Treasurer reviews all account groups in the accounting software to ensure that submitted vouchers do not exceed the allocated budget. If necessary, the Treasurer will prepare and present a budget transfer request to the Board for approval.

**3. Insufficient or Non-itemized Invoices**

In response to the finding that 11 claims lacked sufficient or itemized invoices to validate the expenses, the Treasurer and District Manager ensure that all invoices are now fully itemized and contain the necessary documentation to verify their validity as district expenses. Specifically,

Office (631) 298-8837

Facsimile (631) 298-8841



charges on the district's Amazon account, previously charged monthly, have been transitioned to an annual fee to eliminate recurring charges on the credit card statement.

#### **Disputed Claims**

regarding the three claims totaling \$1,450, including \$125 in foreign transaction fees, \$1,100 for reimbursement to a department member for a damaged cell phone, and \$225 to a flower shop owned by a Board member's spouse, we respectfully disagree with the finding that these were invalid district expenditures:

See  
Note 1  
Page 18

- **Flower Shop Purchase-** We disagree with this finding since the disbursement meets the exceptions that apply under General Municipal Law §802: Please see below
  - *The provisions of section eight hundred one of this chapter shall not apply to:*
  - *2. a. A contract with a corporation in which a municipal officer or employee has an interest by reason of stockholdings when less than five per centum of the outstanding stock of the corporation is owned or controlled directly or indirectly by such officer or employee.*
  - *b. A contract for the furnishing of public utility services when the rates or charges therefore are fixed or regulated by the public service commission.*
  - *c. A contract for the payment of a reasonable rental of a room or rooms owned or leased by an officer or employee when the same are used in the performance of his official duties and are so designated as an office or chamber;*
  - *d. A contract for the payment of a portion of the compensation of a private employee of an officer when such employee performs part time service in the official duties of the office;*
  - *e. A contract in which a municipal officer or employee has an interest if the total consideration payable thereunder, when added to the aggregate amount of all consideration payable under contracts in which such person had an interest during the fiscal year, does not exceed the sum of seven hundred fifty dollars.*
  - *f. A contract with a member of a private industry council established in accordance with the federal job training partnership act<sup>1</sup> or any firm, corporation or association in which such member holds an interest, provided the member discloses such interest to the council and the member does not vote on the contract. N.Y. Gen. Mun. Law § 802 (McKinney)*
  - **The law also exempts this type of contract from disclosure requirements when it falls under any of the 6 listed exceptions above:**
    - *McKinney's General Municipal Law § 803*
    - **§ 803. Disclosure of interest**
    - *Any municipal officer or employee who has, will have, or later acquires an interest in or whose spouse has, will have, or later acquires an interest in any actual or proposed contract, purchase agreement, lease agreement or other*



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*agreement, including oral agreements, with the municipality of which he or she is an officer or employee, shall publicly disclose the nature and extent of such interest in writing to his or her immediate supervisor and to the governing body thereof as soon as he or she has knowledge of such actual or prospective interest. Such written disclosure shall be made part of and set forth in the official record of the proceedings of such body.*

- **2. Notwithstanding the provisions of subdivision one of this section, disclosure shall not be required in the case of an interest in a contract described in subdivision two of section eight hundred two hereof.** N.Y. Gen. Mun. Law § 803 (McKinney)

- **Cell Phone Reimbursement:**

- Volunteers have been advised that the District is not permitted to reimburse them for personal property damaged during a fire call, except for prosthetic devices such as eyeglasses. If volunteers choose to bring personal items that are not considered prosthetic devices, the Board of Fire Commissioners will not approve reimbursement for those items.

**4. Sales Tax Payments**

In response to the finding that sales tax was paid on some claims, the Board will now review each invoice carefully to ensure sales tax is not included. Additionally, the district provides a tax-exempt certificate to any new vendors to prevent sales tax from being charged on future invoices.

**5. Incomplete Voucher Forms**

In response to the finding that the district did not complete the "District Use" section of the voucher form, the district has updated the voucher form. The new version includes a designated spot for both the Treasurer's and the Board of Fire Commissioners' signatures, ensuring proper documentation.

**Conference and Travel Expenses:**

**1. Meal Allowances**

In response to the finding that daily food allowances lacked supporting documentation, the Treasurer will now print and attach the GSA (General Services Administration) meal rate for the conference location to the voucher, ensuring proper support for meal expenses.

**2. Conference Travel Form**

The Treasurer has created a travel form for travelers to complete upon returning from a conference. However, since the district covers most conference-related expenses directly through vouchers, the procedure has been revised. Moving forward, the Treasurer will prepare a summary of all conference-related expenses and the method of payment. The traveler will then sign this summary as confirmation.

**3. GSA Lodging Rates**

Regarding the district's current practice of not requiring the use of GSA lodging rates, the Board has determined that this policy will remain unchanged. General Municipal Law Section 77-c authorizes per diem meal reimbursements based on GSA rates, but does not recognize lodging reimbursement based upon GSA rates so there is no improper practice in not applying GSA

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lodging rates. The district will continue to seek the best rate possible for lodging rates, but is not bound by GSA rates.

**Credit Card Claims:**

- In response to the finding regarding the district's payment of the credit card invoice, it is important to note that the district's credit card must be paid in full each month to maintain its active status. Moving forward, we will continue to attach supporting documentation for all charges, even if items are returned. Any credits received in subsequent months will be properly recorded in the general ledger. The late fee associated with this charge was due to a delay in the postal service. While the district made efforts to have the fee reversed, those attempts were unsuccessful. Additionally, we have contacted vendors regarding some recurring monthly charges and transitioned to an annual payment structure, where we now receive invoices or notifications for these charges directly. We will obtain the credit card statement through the bank's website if we do not receive it by the meeting date.

**Refreshment Reimbursements:**

- In response to the finding that the district did not follow the disbursement policy for refreshment claims, the Chiefs are required to submit a list of the members who attended each call, meeting, or training event, along with the vendor invoice and credit card receipt, as supporting documentation for all refreshment reimbursements.

**Finding 2: The Treasurer Paid Claims Before the Board Audited Them**

- In response to the finding that claims were paid before the Board had audited them, it should be noted that the voucher itself was signed by the Commissioners at a board meeting, it was just not included on the warrant that was accepted at the meeting.
- *Per Statute 4-a. The Board of Fire Commissioners shall audit all claims against the fire district and shall, by resolution, order the payment thereof by the fire district treasurer in the amounts allowed. Except as otherwise provided by this subdivision, no such claim shall be audited or ordered paid by the board of fire commissioners unless an itemized voucher therefore, in such form as the board of fire commissioners shall prescribe, shall have been presented to the board of fire commissioners for audit and allowance. The board of fire commissioners may provide by resolution that no such claims may be presented, audited or paid unless they be either verified under oath, or in lieu of such verification, certified, to be true and correct in a statement signed by or on behalf of the claimant. The provisions of this subdivision shall not be applicable to claims for the payment of fixed salaries, compensation for services of officers or employees regularly engaged by the fire district at agreed wages by the hour, day, week, month or year unless so required by resolution of the board of fire commissioners adopted at the organization meeting in the month of January, the principal of or interest on obligations issued by the fire district, fixed amounts becoming due on lawful contracts for the purchase of water for fire protection, and amounts which the fire district may be required to pay to the state employees' retirement system on account of contributions for past and current services of firefighters. The board of fire commissioners may, further, by resolution authorize the payment in advance of audit of claims for light, telephone, postage, freight and express charges. All such claims shall be presented at the next regular meeting for audit, and the claimant and the officer incurring or approving the same shall be jointly and severally liable for any amount disallowed by the board*

See Note 2 Page 18
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*of fire commissioners*. N.Y. Town Law § 176 (McKinney). Regarding the payment for the television and internet services that was made before being audited, this was necessary because the district's ambulances require an internet connection for their equipment. The statute should be amended to permit payments of internet bills since the "telephone" language predated the internet becoming the major method of communicating.

- Regarding the monthly fuel card payment, a \$99 late fee is incurred if payment is not received by the due date. To address this, we will contact the company to set up an online account to view our invoices as soon as they are available. This will ensure they will be paid in a timely manner and the district will not incur any late fees.
- Treasurer now includes a section on the warrant detailing any permitted claims that were paid in advance. All claims will be numbered, and the corresponding check numbers will be included in the warrant for transparency.

The Board has reviewed the recommendation set forth by the Office of the State Comptroller and has outlined the corrective actions that will be taken in response.

We would like to express our appreciation to the comptroller's audit team for their professionalism and courtesy throughout the audit process.

If you require any additional information, please do not hesitate to contact our office.

Sincerely,

David Haas  
Chairman, Board of Fire Commissioners

# Appendix C: OSC Comments on the District's Response

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## Note 1

The District's Code of Ethics (Code) indicates that District officers must disclose the nature of any interest in any matter that requires a motion, resolution, or any other issue or question requiring a vote by the Board. The disclosure must be in writing, disclosed publicly at a Board meeting and included in the Board's meeting minutes for the meeting at which the disclosure occurs. District officials could not provide support of any written disclosure, and no disclosure was included in the Board's meeting minutes.

Furthermore, the Code does not include an exemption for amounts that do not exceed a specific dollar amount threshold. The Code also states that a District officer may not participate in the discussion or vote on any matter, or exercise or perform any other official powers or duties in connection with any matter, when a family member of the officer has an interest in the matter. On January 24, 2023, the Board approved the \$225 payment to the flower shop, which is owned by a Board member's wife. Additionally, the Board member whose wife received the payment seconded the motion to approve the payment.

## Note 2

The Board's authorization to pay claims must be documented. The District did not have any support indicating that the nine claims totaling \$23,651 were ever presented to the Board, at a Board meeting, for authorization to be paid through an approved warrant or Board resolution.

## Note 3

Our report did not state that the television and Internet services claim was paid before it was audited. Our report indicates this is one of the nine claims that were not authorized to be paid through an approved warrant or Board resolution.

# Appendix D: Audit Methodology and Standards

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We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed District officials to gain an understanding of the District's policies, claims auditing procedures and financial reports that the Board receives.
- We reviewed District policies and the Board's meeting minutes and resolutions related to claims auditing approvals.
- We reviewed the check sequence of all nonpayroll general fund disbursement checks that were paid during the audit period and inquired about missing and/or out-of-sequence check numbers.
- From a population of 890 nonpayroll related claims totaling \$1.5 million, we selected a sample of 138 claims totaling \$194,502 that were paid during the audit period. Three claims totaling \$24 were voided checks and, therefore, we did not review them further. We chose to review the Board's meeting minutes for four Board meetings that were spread throughout the beginning, middle and end of the audit period and that had different numbers of Board members who were present at the meetings, and reviewed all 88 claims that were paid on those dates. In addition to those 88 claims, we chose to review all 31 claims that were dated between the day after the four selected Board meetings through the day before the next Board meeting. We also selected to review an additional 19 claims that posed a higher risk, which was based on vendor names. We reviewed available support for the 135 claims to determine whether the claims were audited and approved by the Board, were for a valid and legal District purpose, had itemized invoices or receipts, were mathematically correct, did not include sales tax or late fees, had supporting documentation that acknowledged goods were received or work was performed, and complied with District policies.
- Of the 32 warrants that were dated within the audit period, we reviewed all 17 warrants that included our sample of claims which we reviewed. The warrants indicated that the Board approved all claims on the warrants to be paid. We determined the number of disbursement checks that were authorized in, and total dollar amount of, each warrant. We also identified the number of Board members who were present at the Board meetings at which the warrants were approved. In addition, we determined whether each warrant included budget account codes to be charged, claim numbers and check numbers.
- We reviewed the District's bank account details to determine when checks were paid by the bank and compared the dates to when the Board audited and approved the claims to be paid.
- We traced the payments for the 135 claims to canceled checks to determine whether the payees and amounts matched.



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- We reviewed the account codes charged on each of the 135 claim vouchers, compared those codes to the appropriations charged and then verified whether the appropriations were available to pay for each obligation and/or claim.
  - We researched the GSA rates for the locations that District officials traveled to for our sample.

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 relevant population size and the sample selected for examination.

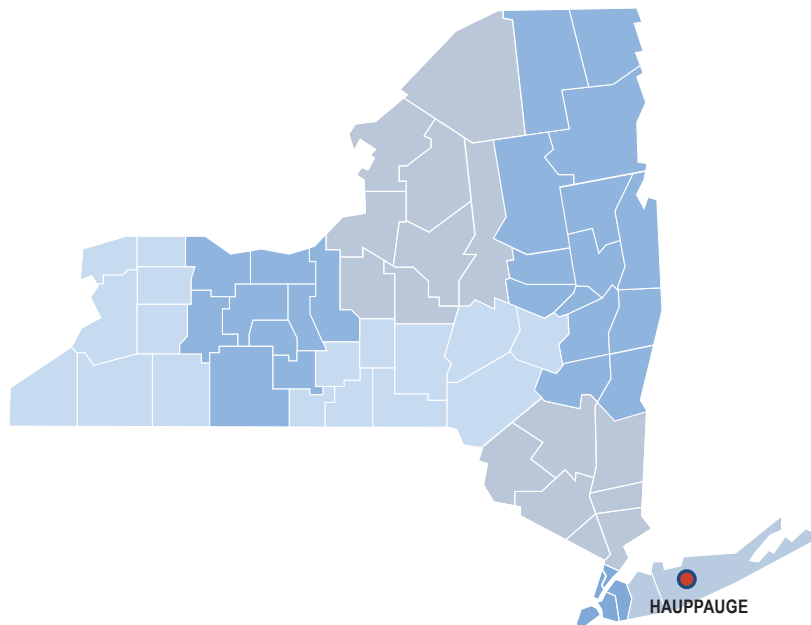
## Contact

**HAUPPAUGE REGIONAL OFFICE** – Ira McCracken, Chief of Municipal Audits

NYS Office Building, Room 3A10 • 250 Veterans Memorial Highway • Hauppauge, New York  
11788-5533

Tel (631) 952-6534 • Fax (631) 952-6091 • Email: [Muni-Hauppauge@osc.ny.gov](mailto:Muni-Hauppauge@osc.ny.gov)

Serving: Nassau, Suffolk counties



Office of the New York State Comptroller  
Division of Local Government and School Accountability  
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: [localgov@osc.ny.gov](mailto:localgov@osc.ny.gov)

<https://www.osc.ny.gov/local-government>

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