



Rotterdam Fire District Number 7 Schonowe

Claims Auditing

2025M-107 | December 2025

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Audit Results

Rotterdam Fire District Number 7 Schonowe



Audit Objective	Audit Period
Did the Rotterdam Fire District Number 7 Schonowe (District) Board of Fire Commissioners (Board) properly audit claims?	January 1, 2024 – May 31, 2025
Understanding the Audit Area	
<p>The audit of claims is often the last line of defense for preventing unauthorized, improper or fraudulent claims from being paid. When a fire district has a strong claims auditing process, the control consciousness of its staff is enhanced because officers and employees are aware that a careful review of claims will occur before public funds are disbursed. Because it is the Board's responsibility to ensure tax dollars are spent properly, efficiently and in the best interest of taxpayers, the Board should conduct a thorough and deliberate audit of claims before directing the Treasurer to pay them.</p> <p>The District paid 314 claims totaling approximately \$1 million during the audit period.</p>	

Audit Summary

The Board did not conduct a thorough and deliberate audit of all claims paid during the audit period. We reviewed 79 claims totaling \$941,015 and determined that none of the claims were audited and approved by the entire Board, as required. Although we determined that the 79 claims were for proper District expenditures, the claims were paid without the full Board's authorization or confirmation that all claims were supported and for valid and legal purposes. In addition, the lack of a claims audit increased the risk that claims for improper purposes could be paid, or that irregularities could go undetected and uncorrected.

We identified the following:

- Three claims totaling \$603,433 were not audited and approved by any Board members.
- 72 claims totaling \$290,454 were audited and approved by only two Board members.
- Four claims totaling \$47,128 were audited and approved by only one Board member.
- 13 claims totaling \$27,162 were paid in advance of audit and approval prior to the monthly Board meetings; however, the claims were not authorized to be paid in advance.

The report includes four recommendations that, if implemented, will improve the effectiveness of the District's claims audit process. District officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and New York Office of the 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 C.

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 Auditing: Findings and Recommendations

A board should perform a thorough audit of every claim against the district prior to authorizing payment by ensuring, among other requirements, that claims are adequately supported (i.e., itemized invoices or receipts), and for valid and legal purposes. Typically, a board will audit the claim packet, which includes a standard voucher form (as a cover sheet) and a combination of original invoices, receiving slips and other relevant documentation supporting the claim. A board also may, by resolution, authorize payment in advance of audit for public utility services, postage, freight and express charges. All such claims must be presented at the next regular board meeting for audit and approval.

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 properly audit claims.

The Administrative Assistant (Assistant) prepared claim packets by filling out a voucher form and attaching vendor invoices and supporting documentation provided by District officials. The voucher form included details such as vendor name, item description and amount due. Each month, the Assistant prepared an abstract and assigned a claim number on the abstract for each claim. Two Board members (generally the Chairman and another Board member) reviewed and audited the claim packets and signed and dated them prior to the monthly Board meetings. Then at the monthly Board meetings, the Assistant read all claims from the abstracts to the Board, and the Board passed a motion to approve the claims for payment. However, as the entire Board did not review the claim packets, the claims were not properly audited. Board members and the Treasurer stated that they were not aware that the entire Board had to audit the claims prior to payment.

We reviewed 79 of 314 claims totaling \$941,015 and determined that all claims were supported, mathematically accurate and for an appropriate purpose. However, none of the claims were properly audited by the entire Board:

- Three claims totaling \$603,433 did not have a voucher form prepared and were not audited and approved by any Board members. Two claims totaling \$567,480 were for the purchase and delivery of a fire truck and one claim totaling \$35,953 was for demolition and asbestos remediation.
- 72 claims totaling \$290,454 were audited and approved by only two Board members.
- Four claims totaling \$47,128 were audited and approved by only one Board member.

Because the Board did not perform a proper audit of claims, there was an increased risk that claims paid could be for improper purposes, or irregularities could go undetected and uncorrected.

Recommendations

1. The Board should conduct a thorough and deliberate audit of all claims in accordance with Town Law Section 176.
2. The Treasurer should not make payments unless a claim has been prepared, audited and approved by the Board for payment in accordance with Town Law Section 176.

Finding 2 – The Board paid claims prior to audit.

There were 15 claims totaling \$27,329 of the 79 claims reviewed that were paid prior to the monthly Board meetings. However, only two claims for utilities totaling \$167 were authorized to be paid prior to audit. The remaining 13 claims totaling \$27,162 should not have been paid prior to audit, as they did not meet the allowable statutory exceptions. These claims were for plowing services, heating and cooling maintenance services, inspections and services on fire trucks and other miscellaneous items. Furthermore, 12 of the 13 claims totaling \$23,829 were included on the abstracts as “pre-authorized” claims and their dollar amount was not included in the motions for approval at the monthly Board meetings. Officials could not provide a reasonable explanation why the dollar amount of the claims paid prior to the monthly Board meetings was not included in the motions in the minutes approving the claims.

Because the Board inappropriately approved claims prior to conducting a proper audit, there is an increased risk that improper claims could be paid.

Recommendations

3. The Board should audit all claims paid in advance and ensure the Board minutes include resolutions specifying the number and dollar amounts of such claims.
4. The Treasurer should discontinue paying claims in advance of audit which are not authorized by the Board to be paid prior to audit.

Appendix A: Profile, Criteria and Resources

Profile

The District is located in the Town of Rotterdam in Schenectady County. The elected five-member Board governs the District and is responsible for its overall financial management. The Assistant prepares the claim packets and abstracts and provides them to the Board. The Treasurer is the chief fiscal officer and is responsible for recording the claims in the accounting system and issuing payments.

The District paid 314 claims totaling approximately \$1 million during the audit period.

Criteria – Claims

A proper claims audit is a thorough and deliberate examination to determine that a claim is a legal obligation and a proper charge against a fire district. Generally, in accordance with Town Law Section 176(4-a), a fire district board must audit all claims against the fire district before disbursing payments. A board's audit responsibilities include determining, among other things, that each claim is:

- For a valid and legal purpose,
- Mathematically accurate,
- Sufficiently itemized,
- Exclusive of reimbursements for sales tax, and
- Supported by sufficient documentation, such as detailed receipts, invoices and receiving documentation.

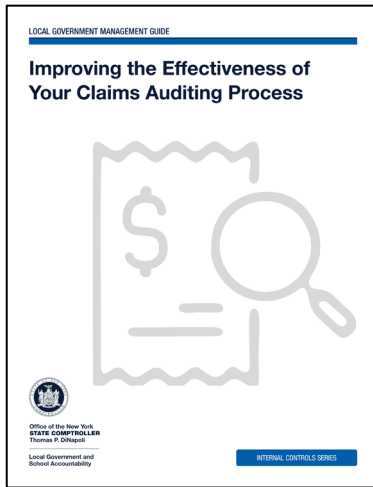
Pursuant to Town Law Section 176, a board also may, by resolution, authorize payment in advance of audit for public utility services, postage, freight and express charges. All such claims must be presented at the next regular board meeting for audit and approval.

Additional Claims Auditing Resources

Figure 1: OSC Publications

OSC *Local Government Management Guides* are available on our website to help officials understand and perform their responsibilities.

Improving the Effectiveness of Your Claims Auditing Process



<https://www.osc.ny.gov/files/local-government/publications/pdf/improving-the-effectiveness-of-claims-auditing-process.pdf>

Fiscal Oversight Responsibilities of the Governing Board



<https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf>

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



Rotterdam Fire District No. 7

Town of Rotterdam

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12/9/25

Comptroller's Office of NYS,

On behalf of the Rotterdam Fire District 7 Board of Commissioners, this letter is in response to the recent state audit findings. The Board strives to uphold the guidelines and laws within the local and state policies, never intentionally acting in an unbecoming way. The Board has taken steps already to accommodate the recommendations in this audit.

The Board has consulted with our treasurer and administrative assistant on the matters found in this audit and we have discussed way to improve our processes. We are currently looking at how to implement those changes effectively and seamlessly.

The information newly provided to The Board will aid in understanding where and how things were missed previously. The members and employees of the district are currently studying the circumstances around each case to better build new policy.

The entire Board appreciates the work and communication provided the auditing team as well the understanding and respectfulness while educating and clarifying points and findings along the way.

An effective and well thought corrective action plan will follow in the next couple months as policies and procedures are updated and amended.

Rotterdam Fire District 7
Board of Commissioners
Chairman
Nicholas Squires

Appendix C: Audit Methodology and Standards

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 and reviewed claim packets, abstracts and Board meeting minutes to gain an understanding of the District's claims audit process.
- We reviewed claim packets, abstracts and general ledger reports for the audit period. The District paid 314 claims totaling approximately \$1 million which were required to be audited and approved by the Board. We selected for review the higher dollar value and higher risk claims: all claims equal to or over \$2,000, all claims made out to individuals, all non-recurring claims paid in advance and two recurring claims paid in advance for each vendor (four utility providers). Our sample consisted of 79 claims totaling \$941,015. We reviewed the claims to determine whether they were supported by adequate documentation, mathematically accurate, for appropriate District purposes, audited and approved by the Board prior to payment or were authorized by the Board to be paid prior to audit and were subsequently audited by the Board. We compared the information from the claim packets to abstracts, general ledger reports and to bank statements and bank documentation (i.e., 73 canceled check images totaling \$223,615, four bank checks totaling \$149,920 and two wires totaling \$567,480).

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.

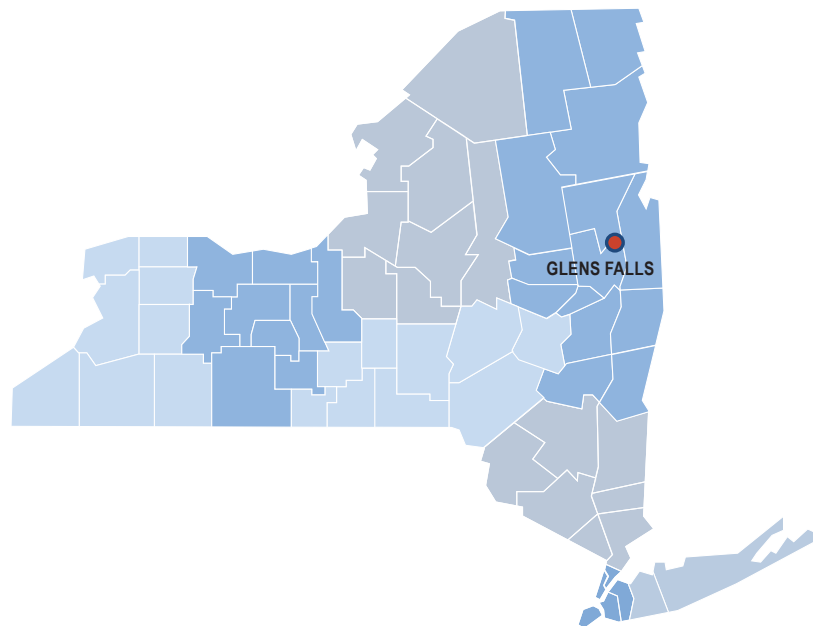
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