New York State Comptroller
THOMAS P. DiNAPOLI

Averill Park – Sand Lake Fire District No. 2

Claims Auditing

August 2026 | 2026M-55

Prepared by the Division of Local Government and School Accountability

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Audit Results

Averill Park – Sand Lake Fire District No. 2

Audit Objective

Did the Averill Park – Sand Lake Fire District No. 2 (District) Board of Fire Commissioners (Board) properly audit claims?

Audit Period

January 1, 2025 – January 31, 2026

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. 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.

The District paid 337 claims totaling $432,998 during the audit period.

Audit Summary

The Board, as a whole, did not properly audit claims because it did not conduct a thorough and deliberate audit of all claims paid during the audit period. We reviewed 62 claims totaling $280,832 and determined that none of the claims were audited and approved by the entire Board as required. We determined that the 62 claims were properly supported and for valid and legal purposes. However, 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.

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

This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the Office of the New York State Comptroller's (OSC's) authority as set forth in Article 3 of the New York State General Municipal Law. The audit's 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 OSC 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 the CAP, please refer the OSC brochure, *Responding to an OSC Audit Report*, which was provided with the draft audit report. The Board is encouraged to make the CAP available for public review.

Claims Auditing: Finding and Recommendations

A fire district board should conduct a thorough audit of every claim against the fire district before 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 combination of original invoices, receiving slips and other relevant documentation supporting the claim.

More details on the criteria used in this report, as well as resources OSC makes available to local officials that can help them improve operations, are included in Appendix A.

Finding 1 – The Board did not properly audit claims.

We reviewed 62 claims totaling $280,832 and determined that although all claims were supported, mathematically accurate, and for an appropriate purpose, the entire Board did not review each claim. Therefore, the claims were not properly audited. Instead of a proper claims audit:

- Only the Board Chair reviewed each claim. The Treasurer prepared the preliminary list of claims (i.e., abstract) for payment, which included the billing month, claim number, claimant (i.e., payee), payment reference details (i.e., invoice number), appropriation code, amount and purpose. The Board Chair then reviewed, signed and dated each claim before the monthly Board meeting.

- The entire Board reviewed and approved the preliminary abstract during the monthly Board meeting while reviewing the Treasurer's monthly financial report. The Board reported in the meeting minutes the range of claims, total dollar amount, and the authorization for the Treasurer to make the payment. Following payment of the monthly claims, one Commissioner reviewed bank statements (including canceled check images) and compared them to the abstract approved by the Board.

Two Commissioners and the Treasurer told us they were not aware the entire Board was required to audit all claims[1] before payment by the Treasurer and believed the current process of the Board Chair reviewing the claims, and the entire Board reviewing and approving the preliminary abstract was sufficient for the Board's review.

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, as a whole, must conduct a thorough and deliberate audit of all claims in accordance with Town Law Section 176.

2. The Treasurer should ensure that payments are made only after claims were audited and approved by the Board, as a whole, in accordance with Town Law Section 176.

1 A board also may, by resolution, authorize certain payments in advance of audit, such as for public utility services, postage, freight and express charges. Claims eligible to be paid in advance of audit, however, must be presented at the next regular board meeting for audit and approval.

Appendix A: Profile, Criteria and Resources

Profile

The District is in the Town of Sand Lake in Rensselaer County. The elected five-member Board governs the District and is responsible for its overall financial management.

The Board-appointed Treasurer is the District's chief fiscal officer with a Deputy Treasurer appointed to support the Treasurer's responsibilities, which include receiving, disbursing, recording and maintaining custody of all District funds and preparing periodic financial reports. In addition, the Treasurer prepares the claims and bill warrants (i.e., abstracts), provides the bill warrants with the monthly financial report to the Board, records claims in the financial spreadsheet, and issues payments.

Criteria

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 board of fire commissioners must audit all claims against the fire district before disbursing payments. We provide guidance on conducting an audit of claims in our publication titled *Local Government Management Guide - Improving the Effectiveness of Your Claims Auditing Process*.[2] 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.

Following board approval, an abstract of the audited claims shall be drawn in the form of a warrant or resolution authorizing and directing the fire district treasurer to make those payments. The minutes of the board meetings should reflect what claims were audited and whether they were allowed or disallowed, in whole or in part. A warrant is a listing of all claims audited and approved for payment. Minimum requirements for a warrant generally include the claim number, name of claimant, amount approved, fund and appropriation account chargeable.

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

Additional Resources

OSC's *Local Government Management Guides,* and other informational resources that are available on OSC's website to help officials understand and perform their responsibilities, include:

- *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, local officials can use OSC's website to search for audits, resources, publications and training for officials at: https://www.osc.ny.gov/local-government

Appendix B: Response From District Officials

The content below is a reproduced copy of the original response letter issued by District officials, is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*,[3] and may have included changes to spelling and grammar. The substance of the content was not changed.

District officials submitted their corrective action plan along with their response. We did not include this information in the final report, as the response included sufficient information to indicate their intentions.

Averill Park – Sand Lake Fire District No. 2
Board of Fire Commissioners
Box 116
Averill Park, NY 12018

August 11, 2026

Mr. Gary Gifford
Chief Municipal Audits
Division of Local Government and School Accountability
Office of the New York State Comptroller
One Broad Street
Glens Falls, NY 12801-4396

Re: Draft Audit Report - Averill Park - Sand Lake Fire District # 2 Claims Auditing (Report 2026M - 055)

Dear Mr. Gifford:

The Board of Fire Commissioners of the Averill Park- Sand Lake Fire District# 2 (the "Board") appreciates the time and effort taken by the Office of the State Comptroller in conducting this audit and providing the Board with recommendations which are intended to improve and strengthen the claims review and auditing procedures for the district.

The Board understands the importance of a comprehensive and well-documented claims review and audit process, and is committed to implementing procedures that will enhance accountability and compliance with applicable requirements.

1. The Board notes that the audit did not find any duplicate payments, fraudulent disbursements, missing assets or payments for goods and services that were not received among the sample of claims that were reviewed (Finding 1). The finding identified in the audit relates to documentation and procedural matters associated with the district's claim processing. The Board is in agreement that improvements are warranted and has begun implementing corrective measures as recommended and discussed with the Comptroller's staff following the issuance of the Draft Audit Report.

2. Since the audit period the Board has reviewed and is developing revised claims processing procedures to make sure that all bills/invoices are assembled with relevant documents (Purchase Request, order confirmations, packing slips, etc.) on a periodic basis during the month before being submitted to the Board for audit review.

3 https://www.ada.gov/resources/2024-03-08-web-rule/#highlights-of-the-requirements-in-the-rule

3. The Board is also developing plans to implement additional procedures to reconcile the approved bill warrant/abstract to Board resolutions to ensure that the number of claims and total dollar amounts of the claims authorized for payment agree with the claims that have been audited by the Board.

4. Further, a process for all bills submitted for payment to first have been audited by the Board and District Treasurer before they are submitted and approved for payment by the Board of Fire Commissioners is also under development.

A Corrective Action Plan to implement these items accompanies this correspondence.

The Board appreciates the time and effort taken in the review of the District's claims processing, and the recommendations offered to improve the documentation of the review process of these claims prior to payment. The Board is committed to strengthening it claims auditing process, and improving the supporting documentation of these reviews. The Board will continue to work with its Treasurer, administrative staff and any other relevant persons to ensure that the claims are properly documented, audited and approved, and that such actions are recorded in accordance with applicable laws and best practices.

Respectfully Yours,

David Hansen, Chairman
Averill Park- Sand Lake Fire District# 2
On Behalf of the Board of Fire Commissioners

cc:
Commissioner Marty Andrews
Commissioner David Boyer
Commissioner Daniel Jones
Commissioner Michael Paul Vogel
District Secretary/Treasurer Robert Blaauw
District Deputy Treasurer Robert Stackrow

Appendix C: Audit Methodology and Standards

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

- We interviewed District officials and reviewed claims, bill warrants (i.e., abstracts), the Treasurer's financial spreadsheets and Board meeting minutes to gain an understanding of the District's claims audit process.
- We reviewed claims, abstracts of claims, and the Treasurer's financial spreadsheets and monthly reports for the audit period. The District paid 337 claims totaling $432,998 which were required to be audited and approved by the Board. We selected for review the higher dollar value and higher risk claims which included all claims equal to or over $2,000 and all claims made out to individuals. Our sample consisted of 62 claims totaling $280,832. We reviewed the claims to determine whether they were supported by adequate documentation, mathematically accurate, for appropriate District purposes, and audited and approved by the Board before payment. We compared the information from the claims to the bill warrants, the Treasurer's financial spreadsheets, and the bank statements (including canceled check images).

OSC auditors conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objective. Auditors believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the 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.

Questions?

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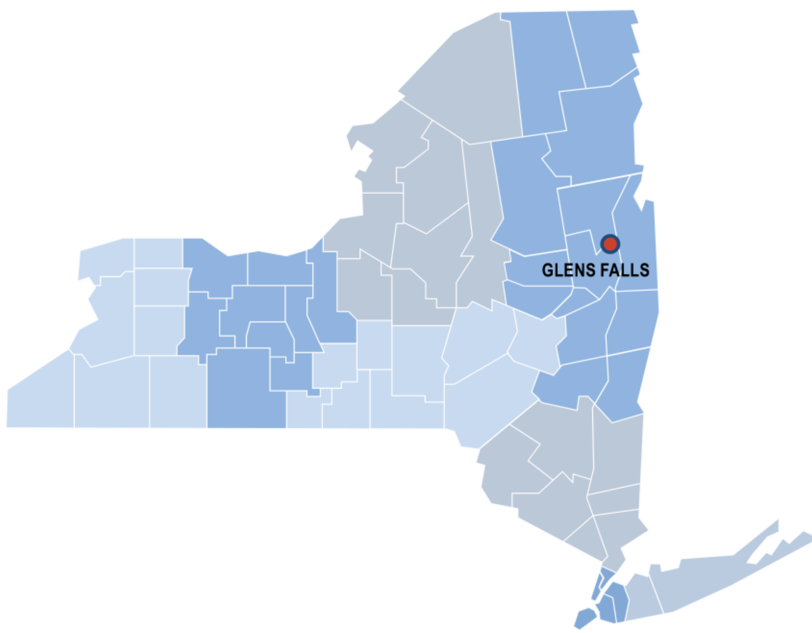

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