

Fire Districts: Audit Follow-Up Reviews



Prepared by the Division of Local Government and School Accountability

Table of Contents

Executive Summary	1
Purpose of the Audit Follow-Up Review	1
Review Summary	1
Recommendations and Implementation Status	3
Treasurer's Accounting Records and Financial Reports	3
Claims Audit	4
Annual Financial Reports	4
Policies and Procedures	5
Annual Audit of the Treasurer's Records	6
Conclusion	7
Appendix A: Additional Resources	8
Appendix B: Recommendation Implementation Status for Selected Districts	9
Notes	10

Executive Summary

New York State (NYS) has 899 fire districts.¹ These fire districts spend approximately \$1 billion each fiscal year for the administration of fire protection services across local communities. Fire districts are established for the general purpose of providing fire protection and responding to other types of emergencies in an area of a town.²

Fire districts that receive Office of the State Comptroller (OSC) audit reports with recommendations are required by NYS Town Law (Town Law) Section 181-b to prepare and file with OSC a written corrective action plan (CAP) that addresses the findings and recommendations in the report, within 90 days. CAPs provide an opportunity for the governing board to communicate how local officials will use audit findings and recommendations to positively improve operations and internal controls.

Purpose of the Audit Follow-Up Review

An audit follow-up review provides an opportunity to determine whether officials implemented corrective actions in response to an audit's recommendations and whether those actions addressed the conditions and risks identified in the audit. Follow-up reviews also reinforce accountability by identifying recommendations that were not implemented and highlighting continuing weaknesses that may affect transparency, safeguarding public assets and officials' ability to make informed financial and operational decisions.

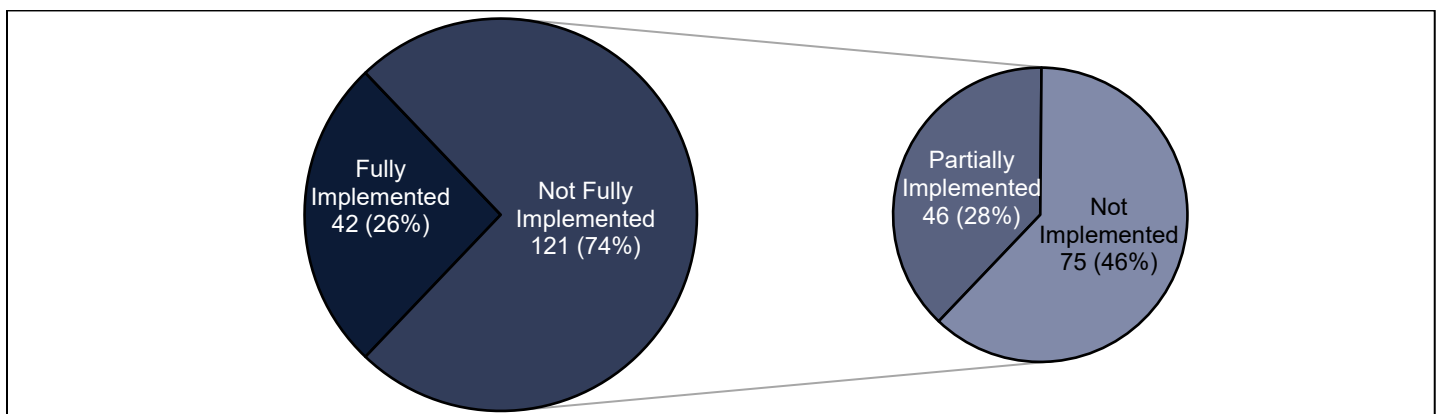
From January 2020 through July 2025, OSC issued 104 fire district audit reports. We selected 20 fire districts' (Districts) audit reports and conducted follow-up reviews between September 2025 and March 2026 to determine whether District officials implemented the audit recommendations. The 20 audit reports included a total of 163 applicable recommendations³ directed to the Districts' officials, including the Boards of Commissioners (Boards) and District Treasurers (Treasurers).

The follow-up reviews were limited to inspection of certain documents related to the issues identified in the audit report, a review of the District's CAP, if one was prepared, and interviews with Commissioners, Treasurers and other District officials. The scope of the reviews does not constitute an audit under generally accepted government auditing standards (GAGAS).

Review Summary

The 163 recommendations primarily focused on fiscal oversight responsibilities and included areas such as the Treasurer's accounting records and financial reports, claims audit, the annual financial report (AFR), policies and procedures and the annual audit. We determined that District officials did not fully implement 121 of the 163 recommendations (74 percent) included in the 20 selected District audit reports (Figure 1).

Figure 1: 20 Selected Districts' Recommendations – Overall Implementation Status



Until the remaining recommendations are fully implemented, weaknesses will continue to exist that may limit transparency and accountability, increase the risk that District assets are not adequately safeguarded and prevent the Board and District officials from having complete, accurate and timely financial information needed to make informed decisions.

Boards should prioritize corrective action and provide appropriate oversight to help ensure audit recommendations are fully implemented and to demonstrate the Board's commitment to addressing identified weaknesses, safeguarding District assets and improving operations. By fully implementing the remaining recommendations and consistently carrying out effective oversight, the Boards can strengthen their District's financial operations, improve transparency and accountability and enhance public trust.

To assist officials with their corrective action efforts, during the follow-up reviews we provided Commissioners and Treasurers with guidance and directed them to relevant resources available on OSC's website. These resources are included in Appendix A.

Recommendations and Implementation Status

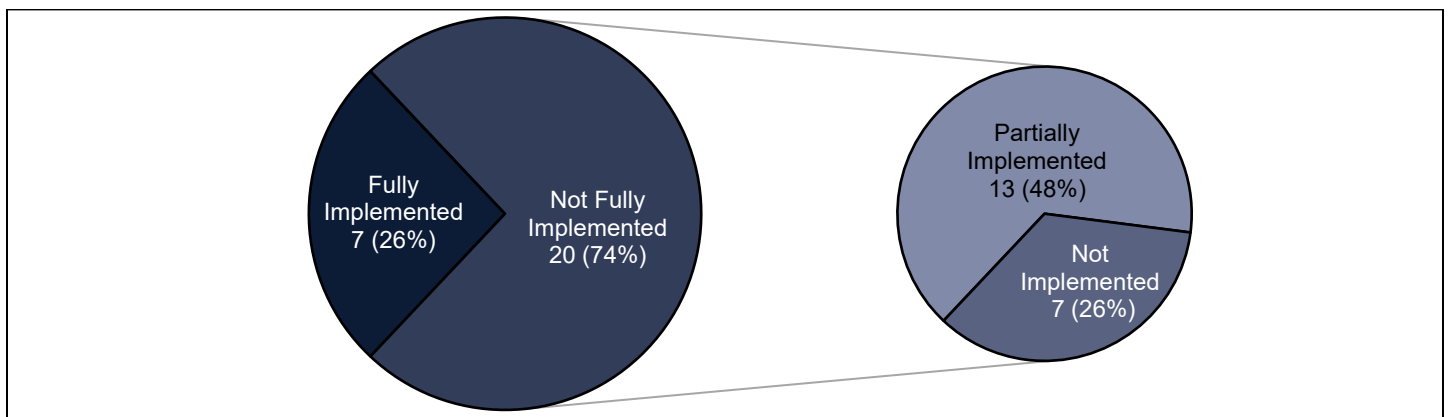
Overall, the follow-up reviews determined that District officials did not fully implement the majority of the 163 recommendations. The most common recommendations were related to the Treasurer's records and reports, claims audit, AFR filing, policies and procedures and the annual audit of the Treasurers' records. These areas consisted of 111 of the 163 applicable recommendations, with the remaining 52 recommendations in less common areas such as budgeting and fund balance management, long term financial and capital plans and mandatory fiscal oversight training. Appendix B includes a complete list of the individual Districts' number of recommendations and implementation status.

Treasurer's Accounting Records and Financial Reports

Complete, accurate and timely accounting records and financial reports are essential for a board to effectively oversee a fire district's financial operations, monitor its financial condition, and make informed decisions. Without reliable and timely accounting records and financial reports, a board cannot adequately monitor a fire district's financial operations, develop realistic budgets, adopt proper property tax levies, create long-term financial plans or ensure that public funds are properly accounted for and safeguarded.

We determined that District officials did not fully implement 20 of the 27 recommendations (74 percent) related to the Treasurer's accounting records and financial reports (Figure 2).

Figure 2: Treasurer's Accounting Records and Financial Reports Recommendations – Implementation Status



We determined that only two of the twelve Districts with recommendations about the Treasurer's records and reports fully implemented these recommendations. At the remaining Districts, the Treasurers did not always prepare monthly or annual reports for the Board, or they did not always include budget-to-actual revenue and expenditure reports, cash balances, or bank reconciliations with bank statements and cancelled check images. The most common deficiency in the Treasurer's reports was a lack of budget-to-actual reporting. In some instances, the Board received reports and/or bank reconciliations but did not review them.

The Commissioners provided several reasons why the Boards did not ensure the Treasurer maintained complete accounting records or provided timely financial reports. Specifically:

- They did not know what records and reports the Treasurer was required to maintain.
- They believed that auditing the claims or reviewing bank account activity was sufficient for financial oversight.
- One Board only required the Treasurer to provide reports on a quarterly basis, claiming that there were not enough transactions to warrant the Treasurer to prepare reports each month.

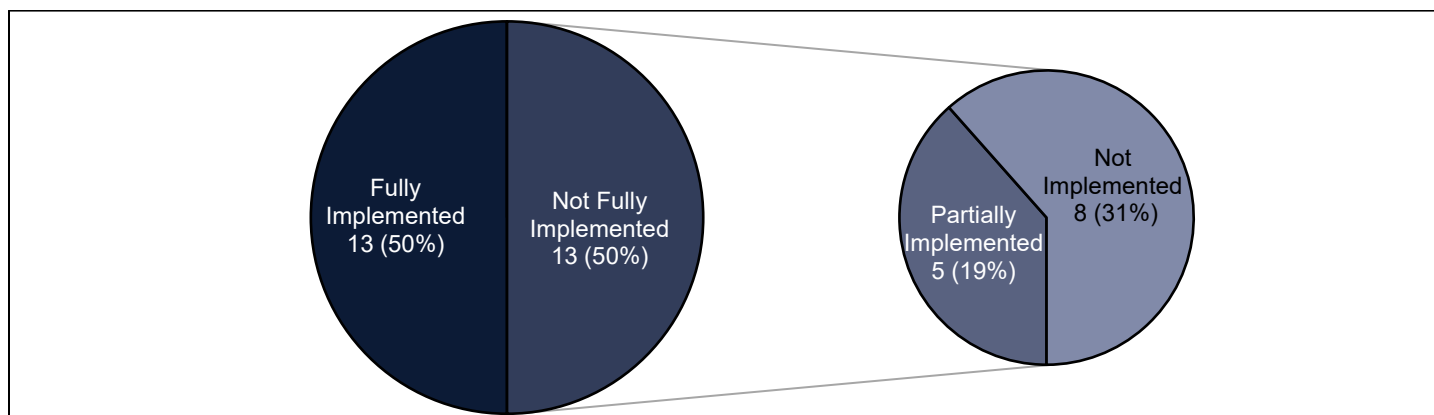
We referred Commissioners to OSC's *Local Government Management Guide (LGMG)*, "*Fiscal Oversight Responsibilities of the Governing Board*" for guidance related to their fiscal responsibilities, including the importance of reviewing periodic financial reports necessary to monitor their District's financial activity. In addition, we directed Treasurers to the OSC publication *Fire Districts Accounting and Reporting Manual*, and to OSC's website for training resources. (See Appendix A for these publications.)

Claims Audit

The claims audit is often the last line of defense by helping safeguard public funds from unauthorized, improper or fraudulent claims. The claims audit establishes an important internal control that promotes accountability and transparency over public funds and helps safeguard fire district assets from errors, waste, fraud and misuse. It also helps establish the control consciousness of board members and membership and helps make them aware that a careful review of claims should occur before public funds are disbursed. Without an effective claims auditing process, inappropriate or unsupported expenditures may be paid and remain undetected, which increases the risk that the fire district could suffer a financial loss and weaken public confidence in the fire district's stewardship of taxpayer resources.

We determined that District officials did not fully implement 13 of the 26 recommendations (50 percent) related to claims audit (Figure 3).

Figure 3: Claims Audit Recommendations – Implementation Status



Eleven of the 20 Districts reviewed had recommendations related to the audit of claims. These recommendations included ensuring claims: were audited prior to payment, had sufficient supporting documentation such as itemized receipts and proof of competitive pricing, and were documented in the Boards' meeting minutes after audit and approval.

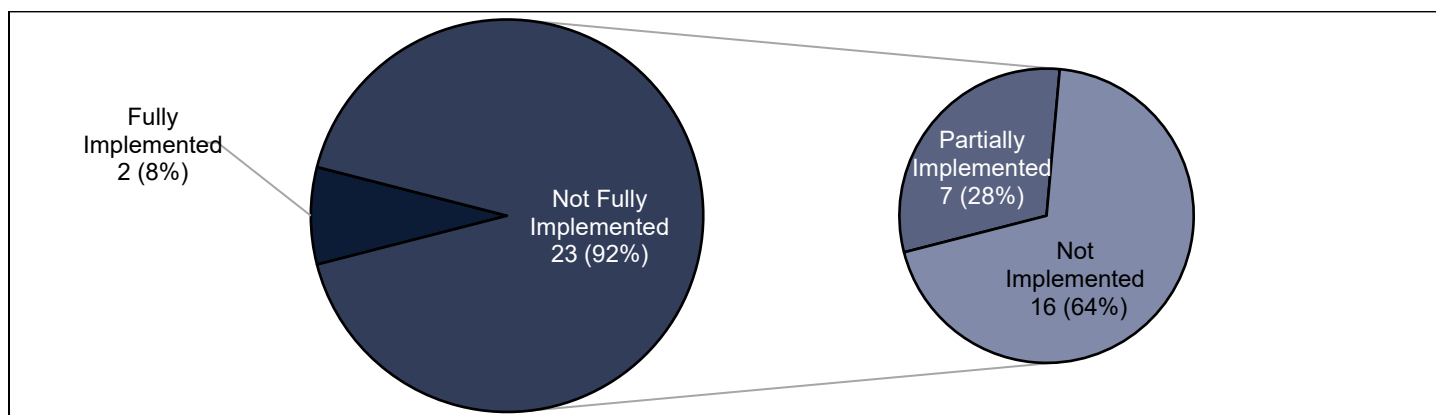
District officials implemented 13 of the 26 recommendations (50 percent) in this area. Commissioners generally understood their oversight responsibilities regarding the audit of claims, however, Commissioners at two Districts were uncertain how to properly audit claims and a Commissioner at one other District believed it was the Treasurer's responsibility to ensure each claim had supporting documentation. We referred Commissioners at these Districts to the OSC publication *LGMG: Improving the Effectiveness of Your Claims Audit Process* (See Appendix A) for guidance on the claims audit process.

Annual Financial Reports

The AFR is an important accountability and transparency tool that provides the board, taxpayers, OSC and other interested parties with information needed to monitor a fire district's financial operations and assess its financial condition. When AFRs are not filed in a timely manner, transparency is diminished and potential fiscal concerns may not be identified and addressed promptly. Persistently not filing the AFR may also indicate weaknesses in a fire district's accounting records, financial reporting or oversight and that officials may not have complete and reliable financial information needed to make informed decisions.

We determined that District officials did not fully implement 23 of the 25 recommendations (92 percent) related to AFR filing (Figure 4).

Figure 4: AFRs Recommendations – Implementation Status



Fourteen of the 20 Districts reviewed had audit recommendations related to filing AFRs. Specifically, Districts either filed AFRs late, were delinquent filing AFRs or both. We determined that only two of the 14 Districts fully implemented the recommendations. See Appendix B for the four Districts classified as persistent nonfilers as of October 1, 2026.

District officials provided several reasons why they had not implemented corrective action to ensure AFRs were filed in a timely manner. Specifically:

- The Treasurer saying they did not know how to file AFRs.
- The District did not have complete and up-to-date accounting records; therefore, the Treasurer could not file the AFR.
- District officials relied on independent public accounting firms to prepare and file the AFRs but the firms were unable to prepare or file them in a timely manner because of their workload and other client obligations.
- District officials had difficulty finding qualified Treasurers.
- The District had turnover in the Treasurer position, and the Treasurer could not use the prior Treasurer's records.

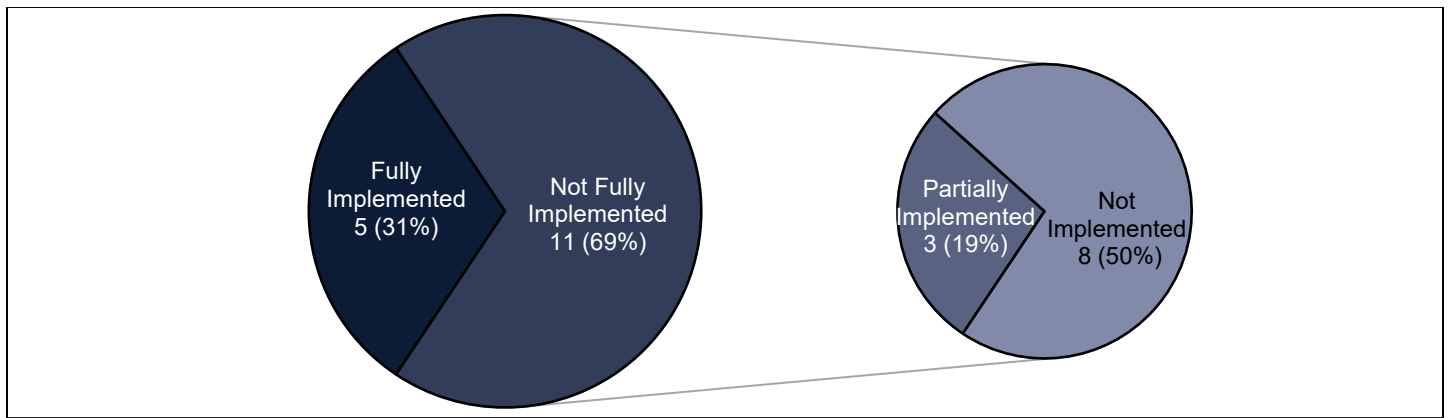
We directed District officials who needed guidance to OSC's website for AFR resources that includes information about filing deadlines, AFR training resources and an interactive user manual. There is also an on-demand fire district AFR filing webinar available on OSC's website. These resources are included in Appendix A.

Policies and Procedures

Adopting written policies and procedures helps ensure that the commissioners' intentions regarding financial operations such as maintaining reasonable fund balance levels, procuring goods and services appropriately and investing safely are clearly communicated to fire district officials and members and that those guidelines are consistently applied. Policies and procedures help ensure public funds are used prudently and in the best interest of the taxpayer, which reduces the risk of misuse of funds and builds public trust. Without adequate written policies and procedures, fire district personnel may not have clear and consistent direction for carrying out their responsibilities, increasing the risk that errors, inappropriate transactions or other weaknesses could occur and remain undetected.

We determined that District officials did not fully implement 11 of the 16 recommendations (69 percent) related to policies and procedures (Figure 5).

Figure 5: Policies and Procedures Recommendations – Implementation Status



Ten of the 20 Districts reviewed had audit recommendations for the Boards to develop and adopt policies and procedures. Specifically, seven Districts had a recommendation to adopt a fund balance policy but three did not implement corrective action. Five Districts had a recommendation to develop and adopt a procurement policy and/or an investment policy, which are required by General Municipal Law Section 104b and Section 39 respectively, and three Districts did not implement corrective action. Other policy recommendations included budgeting, credit cards and banking.

District officials provided several reasons why they did not adopt the necessary policies and procedures including, specifically:

- They were prioritizing other activities such as computerizing the District's manual accounting records or filing the District's outstanding AFRs.
- They intended to have the District's attorney review the policy prior to adopting it but had neglected to do so.
- The Chairman was developing policies but, due to personal reasons, was unable to complete them.

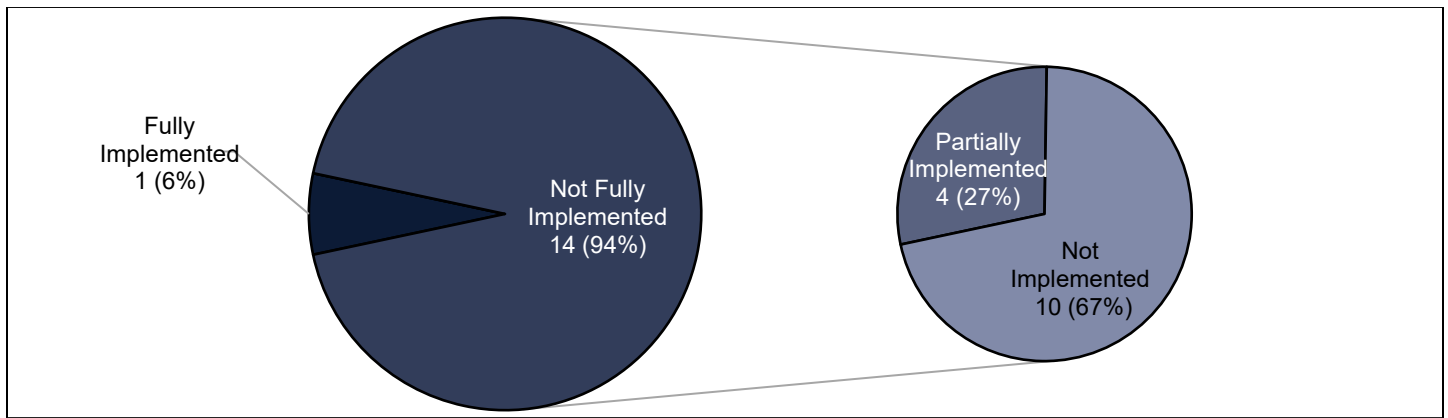
Annual Audit of the Treasurer's Records

An annual audit of the treasurer's records helps a board verify that a fire district's funds are properly accounted for and financial transactions are accurately recorded and reported. Without an annual audit, errors, irregularities or other financial weaknesses may remain undetected and uncorrected and a board has less assurance that a fire district's funds are properly safeguarded.

The Board can conduct its own audit of the Treasurer's records and is not limited to outsourcing this audit.⁴ Therefore, it is the Board's responsibility to ensure an audit is performed as required under Town Law Section 177.

We determined that District officials did not fully implement 14 of the 15 recommendations (69 percent) related to annual audits of the Treasurer's records (Figure 6).

Figure 6: Annual Audit of the Treasurer's Records Recommendations – Implementation Status



Fourteen of the 20 Districts reviewed had audit recommendations related to the completion of annual audits. District officials generally were not aware that the Boards should audit the Treasurer's records annually.⁵ Commissioners told us they did not know how to conduct the audit or thought that their claims audit and review of the Treasurer's reports were sufficient.

For District officials who needed assistance understanding the audit process, we directed them to the OSC publications *LGMG: Fiscal Oversight Responsibilities of the Governing Board* and *The Internal Audit Process for Fire Districts* (See Appendix A.) which include checklists to conduct an annual audit of the Treasurers' records.

Conclusion

The audit recommendations were intended to help officials strengthen financial operations, improve accountability and address identified weaknesses. While some Districts have made progress in implementing certain recommendations,⁶ additional actions are needed to fully address the conditions identified in the audits and strengthen each District's financial management and oversight. Until the remaining recommendations are fully implemented, weaknesses will continue to exist that may limit transparency and accountability, increase the risk that District assets are not adequately safeguarded and prevent the Boards and District officials from having complete, accurate and timely financial information needed to make informed decisions. As the body responsible for the overall management and control of their District's finances, the Boards should implement the remaining recommendations and actively oversee their District's financial operations. Important fiscal oversight responsibilities include:

- Establishing clear expectations and guidance for District officials and employees by adopting appropriate financial policies and procedures and monitoring compliance with them.
- Conducting a thorough, deliberate and independent audit of claims before payment to help ensure claims are adequately supported, for appropriate District purposes, and taxpayer funds are spent properly and efficiently.
- Filing AFRs in a timely and consistent manner to promote transparency and provide the Board, taxpayers and other interested parties with important information about the District's financial condition and results of operations.
- Ensuring the Treasurer's records and reports are complete and accurate and that financial information is provided to the Board in a timely manner for its review and use in developing realistic budgets, adopting proper property tax levies, monitoring operations, or creating long-term financial plans.
- Annually auditing, or causing to be audited, the Treasurer's books and records to help ensure transactions are properly recorded and accounted for and financial records and reports are complete, accurate and up to date.

Appendix A: 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:

- General information for Fire Districts: <https://www.osc.ny.gov/local-government/resources/fire-district-information>
- Annual Financial Report (AFR) Guidance: <https://www.osc.ny.gov/local-government/required-reporting/annual-financial-report>
- *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>
- *The Internal Audit Process for Fire Districts*: <https://www.osc.ny.gov/files/local-government/resources/pdf/internalauditprocess.pdf>
- *Fire Districts Accounting and Reporting Manual*: <https://www.osc.ny.gov/files/local-government/publications/pdf/arm-fds.pdf>
- *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>
- Multiyear Financial Planning: <https://www.osc.ny.gov/files/local-government/publications/pdf/multiyear-financial-planning.pdf>
- *Multiyear Capital Planning*: <https://www.osc.ny.gov/files/local-government/publications/pdf/multiyear-capital-planning.pdf>
- Local Official Training: <https://www.osc.ny.gov/localgov/academy/index.htm>.
- Fire District AFR Filing webinar: <https://www.osc.ny.gov/local-government/academy/webinars?tid=All&search-academy-combine=errors+-+fire+district>

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: Recommendation Implementation Status for Selected Districts

Figure 3: Applicable Recommendation Implementation Status For Selected Districts

Fire District	Recommendations	Fully Implemented	Partially Implemented	Not Implemented	Percentage Not Fully Implemented
Caledonia Joint ^c	2	1	1	0	50%
Crown Point ^{ade}	3	1	2	0	67%
Cuddebackville ^{abcde}	13	6	5	2	54%
Eaton No. 1 ^{abde}	13	2	8	3	85%
Fine ^{abdef}	20	0	0	20	100%
Gates ^{ac}	8	8	0	0	0%
Monsey ^{de}	3	1	1	1	67%
Montauk ^{de}	4	0	4	0	100%
Newark Valley ^{cde}	5	2	1	2	60%
Plainville ^{bcde}	8	4	3	1	50%
Quaker Street ^{cd}	7	0	1	6	100%
Ridge ^a	3	0	1	2	100%
South Butler ^{abce}	14	5	1	8	64%
Theresa ^{abcde}	13	1	5	7	92%
Ticonderoga Joint Town/Village ^{de}	2	0	2	0	100%
Tioga ^{bcd}	7	0	0	7	100%
Town of Tompkins ^{abdef}	11	2	2	7	75%
Truxton ^{abdef}	10	1	4	5	82%
Upper Jay ^{abe}	7	5	1	1	29%
Woodbourne ^{abc}	10	3	4	3	70%
Total	163	42	46	75	73%

- a) Treasurer's records and reports
- b) Claims audit
- c) Policies and procedures
- d) AFRs
- e) Annual audit of the treasurer's records
- f) Persistent AFR Nonfilers

Notes

1 Excluding New York City. As of January 1, 2025.

2 Pursuant to Article 11-A of NYS Town Law, towns and villages may also establish “joint fire districts” in which the fire district’s coverage area will be contiguous with the area of a town and village.

3 The total recommendations in the 20 audit reports totaled 166. However, at the time of the follow-up reviews three recommendations (one each for the Fine, Town of Tompkins and Truxton Districts) were no longer applicable and were therefore excluded from the reviews.

4 Except as required by Town Law Section 181b for fire districts with revenues over \$400,000.

5 Town Law Section 177

6 See Appendix B

Contacts



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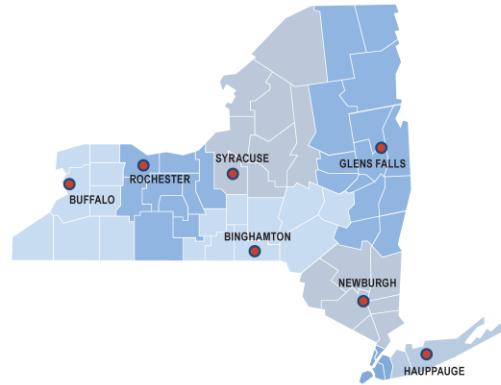
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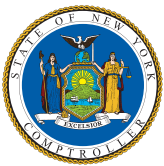
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