New York State Comptroller
THOMAS P. DiNAPOLI

Hancock Rural Fire District

Board Oversight

September 2026 | 2026M-29

Prepared by the Division of Local Government and School Accountability

Table of Contents

Audit Results

Hancock Rural Fire District

Audit Objective

Did the Hancock Rural Fire District (District) Board of Fire Commissioners (Board) adequately oversee financial operations of the District by ensuring contracts were complete, adopting required policies, attending the required training and auditing the Treasurer's records annually?

Audit Period

January 1, 2024 – November 14, 2025

Understanding the Audit Area

A board of fire commissioners is responsible for overseeing the District's financial operations. Effective oversight safeguards district assets, supports informed decision making, helps maintain public trust, ensures compliance with legal requirements and prevents mismanagement, waste and fraud.

A board should ensure contracts are complete and accurately reflect all agreed upon terms before approval to protect a district's interests and promote transparency. A board should also adopt and periodically review required policies, such as procurement, investment and code of ethics to establish clear expectations, ensure compliance with applicable laws and provide guidance for financial operations.

Commissioners should complete required training to understand their fiscal responsibilities and strengthen their ability to oversee a district's financial activities. In addition, a board should annually audit the treasurer's records to verify that financial transactions are accurate, funds are properly accounted for and financial activities comply with applicable laws and board policies. Collectively, these governance practices strengthen internal controls, reduce the risk of errors, waste, fraud and abuse and help ensure a district's financial operations are conducted with integrity and accountability.

The District has an annual contract with the Village for fire protection services and costs related to maintaining the firehouse. In 2025, the contract totaled $148,906 of the District's total budgeted appropriations of $209,080.

Audit Summary

The Board did not provide adequate oversight of the District's financial operations. As a result, contracts were incomplete, required policies were not adopted, Commissioners did not complete required fiscal oversight training and the Board did not annually audit the Treasurer's records. These deficiencies reduced transparency and accountability and increased the risk of errors, waste, fraud and noncompliance with applicable laws.

Specifically, the Board did not:

- Ensure annual contracts included all agreed-upon financial terms or conduct a public hearing before approving and amending the fire protection contract, as required by New York State (NYS) Town Law (Town Law) Section 176.
- Develop and adopt required policies, including a procurement, investment and code of ethics policies, as required by NYS General Municipal Law (GML).
- Ensure all Commissioners completed required fiscal oversight training, as required by Town Law Section 176-e.
- Ensure the Treasurer submitted her records to the Board, in accordance with Town Law Section 177.

The audit report includes eight recommendations that, if implemented, will strengthen the Board's oversight of the District's financial operations by improving governance, enhancing compliance with statutory requirements, increasing transparency and accountability and reducing the risk of financial mismanagement. District officials generally agreed with our recommendations and have 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 GML. 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 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 to 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.

Board Oversight: Findings and Recommendations

A board of fire commissioners is responsible for safeguarding its resources and overseeing the fire district's financial operations. To fulfill these duties, contracts entered into for fire protection services should ensure the district's interests are protected and all transactions between the parties are included in the contract. Additionally, the board should establish a system of internal controls that includes required policies and related procedures for key financial areas such as procurement, investing and a code of ethics.

Furthermore, the board should ensure that the treasurer provides the board with all books, records, receipts, claim vouchers and canceled check images annually, as required by Town Law Section 177. This will enable the board, should it choose to do so, to conduct an annual audit of the treasurer's records to help ensure that funds are accurately accounted for and that transactions are properly recorded.

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 approve or amend the annual fire protection contract in accordance with the Town Law.

During the audit period, the District entered into annual contracts with the Village for the Village fire department to provide fire protection services to District residents. The approved fire protection contracts stipulated separate amounts to be paid for fire protection services, along with helping offset costs associated with maintaining the Village's fire house, apparatus and equipment. In 2024, the District paid $146,250 to the Village in accordance with the approved contract, which included $132,750 for fire protection services and $13,500 to help offset the utility and other costs associated with the operation and maintenance of the Village's fire house. The 2025 annual contract totaled $148,906, including $135,406 for fire protection services and $13,500 for offsetting the costs associated with operating and maintaining the Village's fire house.

The Board also agreed, in 2024, to pay the Village an additional $100,000, through annual installment payments of $50,000 each in 2024 and 2025, towards the purchase of a fire truck. Pursuant to the Town Law, fire protection contracts may be amended by the parties after notice and a public hearing. However, neither fire protection contract included the additional cost of the annual installment payments for the truck purchase, nor was there a formal amendment made by the District to reflect the additional $50,000 expenditure towards the purchase of the fire truck, in accordance with Town Law Section 176. Although the Board meeting minutes indicate there were discussions about the installment payments among the Commissioners, no public hearings were held or changes were made to the original terms of the 2024 and 2025 fire protection contracts.

The Board Chairman (Chairman) told us that they were unsure how to handle the installment payments and did not realize that a public hearing was required pursuant to Town Law Section 176. Therefore, the District did not hold a public hearing, as required by the Town Law, to approve the fire protection contracts for 2024 and 2025, or to amend the contracts in those years to include the installment payments. However, as a result of our audit, District officials told us they would include any agreed upon payments for trucks in future contracts. The District did hold a public hearing before approving the 2026 contract with the Village.

When fire protection contracts are not amended to include all agreed upon transactions and required public meetings are not held, transparency is compromised because taxpayers do not have an opportunity to provide input and ensure District residents are adequately informed and protected.

Recommendations

The Board should:

1. Ensure all District contracts accurately reflect all agreed upon terms, responsibilities and financial obligations between the District and the contracting entity, including the Village, to ensure the District's interests are protected.
2. Provide notice and conduct required public hearings before approving and amending annual fire protection contracts, as required by Town Law Section 176.

Finding 2 – The Board did not adopt required policies or complete required training.

The Board did not develop and adopt the required procurement, investment and code of ethics policies. Furthermore, the Board did not ensure that all Commissioners completed the mandatory fiscal oversight training required by Town Law Section 176-e.

Procurement Policy – The Board did not adopt a procurement policy as required pursuant to GML Section 104-b. Consequently, District officials did not have any formal guidelines for seeking competition when purchasing goods and services below the competitive bidding thresholds set forth in the GML.[1] Under such circumstances, there is less assurance that the District received such goods and services in a reasonable and cost-effective manner. We reviewed all 16 disbursements that cleared the bank from January 1, 2024 through July 31, 2025 totaling $371,773 and identified two purchases totaling $11,337, which would have been subject to the procurement policy in compliance with GML Section 104-b, had the District adopted one.[2] The first purchase of $9,000 for a used truck was completed after District officials considered whether renting a truck or purchasing a truck was a better financial option given that the truck was only needed for a short period of time.[3] For the second purchase of 96 T-shirts totaling $2,337 for the volunteers, the Board sought three quotes and selected the vendor able to provide the shirts that met their desired quality and size requirements. The Board documented the quotes appropriately.

Although District officials have informally incorporated some procedures to seek competition when purchasing goods and services, a formal procurement policy and related procedures would provide officials with guidance for helping ensure that the District receives goods and services that fall below legal bidding thresholds in a reasonable and cost-effective manner. When the Board does not ensure that officials seek appropriate competition before making purchases, the District may miss out on possible cost savings and pass on increased costs to District taxpayers.

Investment Policy – Although the Board transferred the District's operating funds from a checking account earning 0.024 percent to a money market account earning 2.5 percent in April 2024, the Board did not formally adopt an investment policy, as required by GML Section 39. In the absence of an approved investment policy by the District, there are no official procedures for managing District funds, which increases the risk that the District's investment program may not meet essential standards of legality, safety, liquidity and yield.

Code of Ethics Policy – A code of ethics is a guide for fire district officers, employees and volunteer members that sets a standard for conduct reasonably expected in the discharge of official business. The Board did not adopt a code of ethics policy to establish standards of conduct, as required by GML Section 806. Therefore, the Board missed the opportunity to communicate expected behaviors to District officials.

---

1 Purchase contracts involving expenditures that exceed $20,000, and contracts for public work involving expenditures that exceed $35,000, are generally subject to GML's competitive bidding requirements.

2 All remaining disbursements were payments toward contractual obligations, required newspaper postings and postage, which are not subject to a procurement policy.

3 The truck was needed to ensure that the District could provide timely fire protection services to residents that lived on the other side of a bridge that was being repaired.

Mandatory Fiscal Oversight Training – We reviewed the Commissioners' training records to determine whether they had completed the mandatory fiscal oversight training within 270 days of their first day in office, as required by Town Law Section 176-e. As of November 14, 2025, none of the Commissioners completed the mandatory training within the 270-day deadline (Figure 1).

Figure 1: Commissioners' Required Training Completion Status

Board of Commissioners	Term Start	Days Late as of November 14, 2025
Commissioner #1 (Chairman)	1/1/2022	1,143
Commissioner #2	1/1/2023	778
Commissioner #3	1/1/2025	47
Commissioner #4	1/1/2025	47
Commissioner #5	1/1/2022	1,143

The Chairman told us that he was unaware that these policies were required and that Commissioners were required to take training for each term they served. Had the Commissioners completed the mandatory training in a timely manner, they would have been better prepared to develop and implement necessary policies and effectively oversee the District's financial operations.

Recommendations

The Board should:

3. Develop, adopt and periodically review a written procurement policy that complies with GML Section 104-b and establishes clear procedures for purchasing goods and services not subject to competitive bidding.
4. Develop, adopt and periodically review an investment policy that provides guidance for the prudent investment and safeguarding of public funds.
5. Develop, adopt and periodically review a code of ethics that establishes standards of ethical conduct and helps promote accountability, integrity and public confidence.[4]
6. Ensure all elected or appointed Commissioners complete mandatory fiscal oversight training within 270 days of taking office and participate in additional training as appropriate to fulfill their fiscal responsibilities.

Finding 3 – The Treasurer did not present her records to the Board on an annual basis.

The Treasurer did not formally submit her 2024 books, records, receipts, claims or canceled check images to the Board as required by Town Law Section 177. Additionally, although not legally obligated to do so, the Board did not otherwise request the records or perform an audit of the Treasurer's 2024 records. The Treasurer told us she was unaware of the need to annually provide her records and reports to the Board in accordance with Town Law Section 177. The Chairman was also unsure as to when the Treasurer's records were last audited by the Board.

Furthermore, when an annual audit is not performed by the Board, there is no independent verification that District funds were properly accounted for and transactions were properly recorded. Without sufficient

4 See https://www.osc.ny.gov/local-government/resources/ethics for a model code of ethics available on the OSC's website.

oversight and an audit of the Treasurer's records, there is an increased risk that errors and irregularities could occur and remain undetected and uncorrected.

Recommendations

The Board should:

7. Ensure the Treasurer provides her books, records and supporting documentation to the Board, in accordance with Town Law Section 177, and conduct a thorough and deliberate annual audit of the Treasurer's records.

The Treasurer should:

8. Annually submit all books, records, receipts, vouchers (i.e., claims), canceled check images and other supporting documentation to the Board to facilitate the annual audit of the Treasurer's records.

Appendix A: Profile, Criteria and Resources

Profile

The District is located in the Town of Hancock (Town) in Delaware County and contracts with the Village's fire department to provide fire protection for the Town (outside the Village) and a small portion of the Town of Tompkins. The District is associated with a fire company that provides fire response staffing through its volunteer membership and uses the Village's equipment and fire house. The District is governed by the elected Board composed of five Commissioners who are responsible for the District's general financial management. The Treasurer is responsible for maintaining custody of, depositing and disbursing District money, accounting for the District's financial activities and preparing financial reports.

The District hired a part-time bookkeeper to assist the Treasurer with bank deposits, bookkeeping and preparing annual financial reports.

Criteria

A board of fire commissioners is responsible for overseeing a fire district's financial operations and safeguarding its resources. Effective oversight of financial operations requires the board to ensure that annual contracts for fire protection services include all terms and conditions between the parties signing the contracts. In addition, public hearings should be held before the contracts are signed, as required by Town Law Section 176.

GML Sections 104-b, 39 and 806 require a board to adopt a procurement policy, investment policy and code of ethics policy, respectively. Procurement policies and procedures generally ensure that competition is sought in a reasonable and cost-effective manner for purchases of goods and services that fall below the bidding thresholds and for other contracts exempt from competitive bidding. An investment policy provides guidelines on how to manage fire district investments. It should establish a prudent set of basic procedures to meet investment objectives that help ensure invested assets are adequately safeguarded. A code of ethics policy establishes standards of conduct reasonably expected of officers, employees and volunteers and provides standards for the appearance of impropriety.

Town Law Section 176-e requires that all elected and appointed commissioners complete an OSC-approved fiscal oversight training course within 270 days of their first day in office. The training course must include the commissioners' legal, fiduciary, financial, procurement and ethical responsibilities. Commissioners are required to complete the training each time they are elected, re-elected, appointed or reappointed to office. Training provides the commissioners with opportunities to become aware of statutory requirements and sound management practices that help them with their oversight responsibilities.

Town Law Section 177 requires a fire district treasurer to submit their books, records, receipts, vouchers (i.e., claims) and canceled check images to the board annually so the board, should it choose to do so, can conduct an audit of the treasurer's records. An annual audit helps a board carry out its oversight responsibilities of a treasurer's operations and helps ensure the accuracy of the treasurer's records and processes. Conducting annual audits can help officials detect and prevent loss or theft of funds.

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:

- *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
- *Investing and Protecting Public Funds:* https://www.osc.ny.gov/files/local-government/publications/pdf/investing-and-protecting-public-funds.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)*,[5] and may have included changes to spelling and grammar. The substance of the content was not changed.

Hancock Rural Fire District
PO Box 762
Hancock, NY 13783
607-637-3431

August 10, 2026

Lucas S. Armstrong
Chief of Municipal Audits, Binghamton Regional Office
New York State Comptroller Thomas P. DiNapoli
Local Government & School Accountability
44 Hawley Street, Room 1702
Binghamton, NY 13901-4417

Re: Response and Corrective Action Plan to Report 2026M-029

Thank you for your time and guidance during our recent audit. Our Response to the draft will also serve as our Corrective Action Plan.

Finding 1 - The Board did not properly approve or amend the annual fire protection contract in accordance with Town Law.

We were unaware that we would need to amend the contract with the Village of Hancock for our contribution towards a purchase of a fire truck and that a public hearing was necessary to approve these items. We have already had a public hearing for our contribution towards the next fire truck purchase and to approve our budget for the 2027 year. We have communicated with the Village of Hancock that the bond payment would need to be added to the fire contract for the year of 2027.

Finding 2 - The Board did not adopt required policies or complete required training

We were unaware that written policies were required. We have a draft of the following policies; Procurement Policy, Investment Policy and Code of Ethics Policy awaiting our board to review and approve at the next meeting.

We are aware that our Commissioners are out of compliance with the mandatory training. We have been looking for training classes in a closer proximity to our area. Recent ones have been in the Adirondacks. If these classes could be made available in an online format, classes on a weekend or in our area this would make the requirement easier to fulfill. We will continue to look for these classes.

---

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

Finding 3 - The Treasurer did not present her records to the Board on an annual basis.

Financial records were present at the board meetings but were not officially audited nor documented in the minutes that they were available for the Board members to review. We have implemented a formal audit of the records for the year 2025 and will document in the meeting minutes that the financial records were presented, reviewed and voted on.

Sincerely,

Christopher Geer Sr
Commissioner

Cc: Randy Whiting
David Rubera
Gilbert Hubbel
Nicholas Hazen Sr

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:

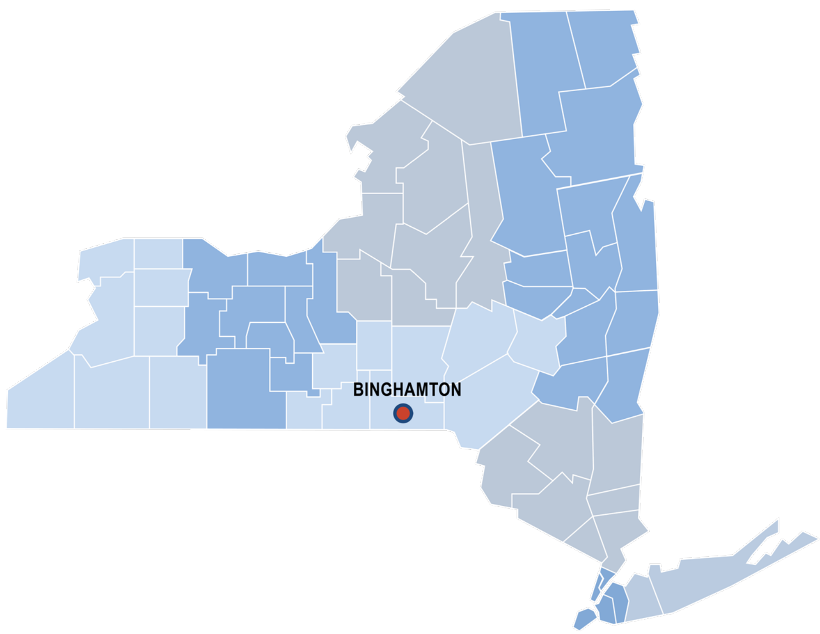
- We interviewed the Chairman, bookkeeper and two Commissioners and reviewed the District's contracts and Board meeting minutes to gain an understanding of the District's operations. We also determined whether annual contracts included all transactions and whether the District received the equipment-related benefits it paid for.
- We interviewed the Chairman and bookkeeper and reviewed supporting documentation to determine whether the District established the required procurement, investment and code of ethics policies.
- We examined all 16 disbursements that cleared the bank from January 1, 2024 through July 31, 2025 totaling $371,773 to determine whether officials sought any form of competition, as necessary. We identified two of the purchases were under the competitive bidding requirement thresholds but would be subject to a procurement policy, if adopted, based upon the nature of the purchases.[6] We reviewed Board meeting minutes, interviewed the Chairman and bookkeeper and evaluated quotes obtained to determine whether the Board sought competition for these purchases.
- We considered the amount of funds needed for operations throughout the year and whether officials invested surplus funds. We also compared the interest rates offered in the District's checking and savings accounts to other available options to determine whether the District's investments met the standards of legality, safety, liquidity and yield considered appropriate for municipal investments.
- We interviewed the Chairman and bookkeeper and reviewed supporting documentation to determine whether all required officials had taken the mandatory fiscal oversight training in a timely manner.
- We interviewed the Chairman, bookkeeper and two Commissioners to determine whether the Treasurer provided all records and reports to the Board annually and whether the Board annually audited the Treasurer's records.

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.

6 Supra footnote 2.

Questions?

BINGHAMTON REGIONAL OFFICE
Lucas S. Armstrong, Chief of Municipal Audits
State Office Building, Suite 1702 • 44 Hawley Street • Binghamton, New York 13901-4417
Tel (607) 721-8306 • Fax (607) 721-8313
Email: Muni-Binghamton@osc.ny.gov
Serving: Broome, Chemung, Chenango, Cortland, Delaware, Otsego, Schoharie, Tioga, Tompkins counties



Contact

Office of the New York State Comptroller
110 State Street
Albany, New York 12236

(518) 474-4044

https://www.osc.ny.gov/

Prepared by the Division of Local Government and School Accountability