New York State Comptroller
THOMAS P. DiNAPOLI

Ischua Fire District

Claims Auditing and Annual Financial Reports

August 2026 | Report 2026M–47

Prepared by the Division of Local Government and School Accountability

Table of Contents

Audit Results

Ischua Fire District

Audit Objective

Did the Ischua Fire District (District) Board of Fire Commissioners (Board) properly audit claims prior to payment and did the District Treasurer (Treasurer) file Annual Financial Reports (AFRs) in a timely manner?

Audit Period

January 1, 2024 – January 6, 2026

Understanding the Audit Area

A proper 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 prior to public funds being disbursed. Because it is the board of fire commissioners' (board) responsibility to ensure tax dollars are spent properly, efficiently and in the best interest of taxpayers, the board should generally conduct a thorough and deliberate audit of claims prior to directing a fire district treasurer to pay them.

A fire district board should ensure that the treasurer files the district's AFR with the Office of the New York State Comptroller's (OSC) office because it is both a legal requirement and a fundamental accountability tool. The AFR provides transparency to taxpayers, supports sound financial oversight and helps protect public resources.

The District's 2025 budgeted appropriations totaled approximately $62,000. During the audit period, the District paid 252 claims totaling approximately $132,000.

Audit Summary

The Board did not properly audit claims prior to payment and the District's AFRs have not been filed with OSC for more than 15 years. Without a thorough and documented audit of claims, the District had an increased risk for improper or unauthorized expenditures to be paid and that errors, irregularities, or misuse of District funds could go undetected and uncorrected. As a result, transparency over the District's financial operations was diminished, the Board's ability to effectively monitor the District's financial operations was impaired, and District residents and taxpayers could not independently assess the District's financial standing.

We reviewed 88 claims totaling approximately $54,000 and determined that the Board did not perform a thorough and complete audit of any of the claims. Therefore, the Treasurer should not have paid any of these claims until they were properly audited and approved by the Board. Although we determined that all 88 claims were for a proper District purpose, the Board did not have this assurance when the Treasurer paid these claims.

The report includes six recommendations that, if implemented, will strengthen the Board's oversight, improve the audit and approval of claims and increase accountability and transparency over the District's financial operations. District officials generally agreed with our findings and indicated they will initiate corrective action.

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and OSC's authority as set forth in Article 3 of the New York State General Municipal Law (GML). 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, 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 and Annual Financial Reports: Findings and Recommendations

A board should perform a thorough audit of every claim against the fire 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 that supports the claim such as purchase orders, receipts and written quotes. A claim packet should contain enough detail and adequate supporting documentation so that the board is supplied with sufficient information to determine that a claim is a legal obligation and a proper charge against the fire district.

GML Section 30 requires the Treasurer to prepare and file the District's AFR for the preceding year no later than 60 days[1] after the close of the District's fiscal year.

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 prior to payment.

We reviewed 88 claims totaling approximately $54,000 that were paid during the audit period and determined that the Board did not audit and approve any of these claims prior to payment. The Chairman of the Board told us that the Board had instructed the Treasurer to pay claims without the required audit because the Board did not meet regularly during the audit period due to a lack of Commissioner availability and they did not want the bills to go unpaid. In addition, the Chairman told us that the Board trusted the Treasurer and relied on him to make sure claims were adequately supported and for a proper District purpose rather than auditing the claims themselves. The remaining four Commissioners did not return our phone calls. Regardless of the Board's reasoning, the Board is required to audit claims to ensure, among other things, that claims are a legal obligation and a proper charge against the District.

In addition, 59 of these claims, totaling approximately $18,000 did not contain sufficient supporting documentation to allow for a proper audit of claims or contained one or more discrepancies, as detailed:

- 40 claim packets totaling approximately $14,000 included invoices that were not sufficiently itemized for the Board to determine what was purchased or whether the District was charged correctly. For example, invoices for two claims totaling approximately $2,000 for fuel did not include the amount, unit price and fuel type being purchased. The District purchases multiple types of fuel, including heating and diesel fuel. Because there was not enough itemized information included on the invoices or in the claim packets, the Board could not have verified that the District was billed correctly.

- 25 claims totaling approximately $4,000 did not contain sufficient supporting documentation such as an original invoice or bill. This included five payments to the Treasurer and a cleaner totaling approximately $1,000 that did not have a prepared claim packet or claim form. Without original invoices, bills or prepared claim forms and packets, the Board would not have adequate assurance that payments were for proper District expenditures. We obtained and reviewed additional documentation and spoke with District officials and were able to determine that the payments to the Treasurer and the cleaner were appropriate District charges.

---

1 A 30-day extension may be granted in certain circumstances.

The Treasurer told us he did not know what a sufficiently itemized or supported claim packet should include. He also told us that he did not know what type of support to include for budgeted stipend payments for himself and the cleaner. During our audit, we provided the Treasurer and Chairman with the publications included in Appendix A of this report to help them understand what a proper claim packet should include and why a proper claims audit is critical to District operations.

Recommendations

The Board should:

1. Conduct a thorough and deliberate audit of all claims prior to payment to ensure that they include adequate supporting documentation and are for proper District purposes.

The Treasurer should:

2. Ensure that claim forms are completed and that claim packets are prepared for each claim for payment against the District.

3. Not pay claims unless they have been audited, authorized and approved by the Board.

Finding 2 – The Treasurer did not prepare and file the required AFRs.

As of January 6, 2026, the Treasurer had not filed a District AFR in over 15 years.[2] While the Treasurer was accurately recording financial transactions, he did not prepare and file AFRs for fiscal years 2010 through 2024. Our previous audit[3] of the District included a finding that the Treasurer did not file the AFRs for fiscal years 2010, 2011 and 2012. Although we recommended in our previous audit report that the Board should ensure that the Treasurer completes and files AFRs, the reports have not been filed. The Treasurer told us that he was aware of the filing requirement but as a volunteer chose not to spend the time that it would take to file the required reports.

Additionally, the Chairman told us that they were unaware of the AFR filing requirements and that the Treasurer had not filed the reports or that the Board should have had a process in place to ensure the reports were filed. However, OSC annually informed the District Treasurer that they need to file their AFRs that have not been filed. In addition, one of the current Commissioners also served as the Chairman on the Board in 2013 when our previous audit report was released, that Commissioner should have been aware of the AFR filing requirements. The remaining Commissioners did not return our requests to discuss the audit.

AFRs are an important fiscal tool that provide the Board with the financial information necessary to monitor the District's operations, and it provides other interested parties with a complete summary of the District's financial activities. As a result of the AFRs not being filed, especially for multiple years, the District's transparency and the Board's ability to properly monitor financial operations was diminished. In addition, District residents and taxpayers did not have the opportunity to independently assess the District's financial standing.

---

2 OSC's website provides more information on AFR nonfilers and the District's current AFR filing status at: https://web.osc.state.ny.us/localgov/afr-non-filers/.

3 Ischua Fire District (2013M-367) - https://www.osc.ny.gov/files/local-government/audits/2017-10/lgsa-audit-fire-2014-ischua.pdf

Recommendations

The Board should:

4. Establish procedures to ensure that the Treasurer prepares and files the AFR with OSC within 60 days after the close of the fiscal year as required.

5. Determine why the Treasurer is not preparing and filing required annual reports and take corrective action.

The Treasurer should:

6. Prepare and file all District AFRs with OSC within 60 days of the close of the fiscal year as required.

Appendix A: Profile, Criteria and Resources

Profile

The District is located in the Town of Ischua in Cattaraugus County and works in conjunction with one volunteer fire department (Department) which provides fire protection and emergency services to the Town of Ischua. A five-member Board is responsible for the District's general management and control of financial operations, including developing policies and auditing claims. The District is primarily funded by taxes levied on properties located in the District's geographical area.

Criteria

A proper claims audit is a thorough, deliberate examination of claims to determine that a claim is a legal obligation and a proper charge against a fire district. Generally, in accordance with New York State Town Law Section 176(4-a), a board of fire commissioners must audit all claims against the fire district prior to the Treasurer disbursing payments.

A claim is a demand presented for the payment 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 packets contain enough detail and documentation so that the board has sufficient information to determine whether it should approve the claims.

A board's audit responsibilities include determining, among other things, that:

- Each claim is for a legitimate purpose of the fire district.
- Each claim is supported by sufficient documentation such as detailed receipts and invoices.
- 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.
- Each claim is properly authorized and approved and that all required approvals and authorizations should be documented or attached to the claim form.

GML Section 30 requires treasurers to prepare and file their fire district's AFR with OSC within 60 days of the fire district's fiscal year end. This report is an important fiscal tool that provides the fire district's board with the financial information necessary to monitor the fire district's operations, and it provides other interested parties with a complete summary of the fire district's financial activities. It is important that the fire district develops procedures to ensure that the report is prepared and filed in a timely manner and is an accurate representation of the fire district's financial position and results of operations.

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/local-government/publications/claims-auditing-process/introduction
- ***Fire District Accounting and Reporting Manual:*** https://www.osc.ny.gov/files/local-government/publications/pdf/arm-fds.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)*,[4] and may have included changes to spelling and grammar. The substance of the content was not changed.

The District's response letter refers to attachments that support the response letter. Because the District's response letter provides sufficient detail of its actions, we did not include the attachments in Appendix A.

ISCHUA FIRE DISTRICT

RT.16

ISCHUA, N.Y. 14743

8-2-26

To: N.Y. State Comptroller's Office

From: Commissioners, Ischua Fire District

Subject: Audit Results (we concur)

Please be advised that the Board of Commissioners has reviewed the findings of the recent audit of our Fire District books and we concur.

It is our intention to come into compliance with the recommendations that you provided. Find attached: a corrective action plan as well as a claims auditing process that will be implemented.

Respectfully Submitted,

Charles F. Magee, Secretary

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

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, including the Commissioners and the Treasurer.

- We reviewed policies, regulations, procedures and Board meeting minutes to gain an understanding of the District's claims auditing process and procedures and the District's AFR filing practices.

- We selected a sample of 88 claims totaling approximately $54,000 from a population of 252 claims totaling approximately $132,000 paid between January 1, 2024 and August 31, 2025. Using our professional judgment, we selected all claims paid between January 1, 2025 and August 31, 2025 because of the lack of evidence that the Board had met to audit and approve these claims, which increased the risk of errors or irregularities occurring and not being detected.

- We reviewed the claims selected to determine whether the claims were:

  - For an appropriate District purpose,

  - Properly authorized and approved,

  - Sufficiently itemized, and

  - Sufficiently supported, with documentation such as detailed receipts, invoices and packing slips.

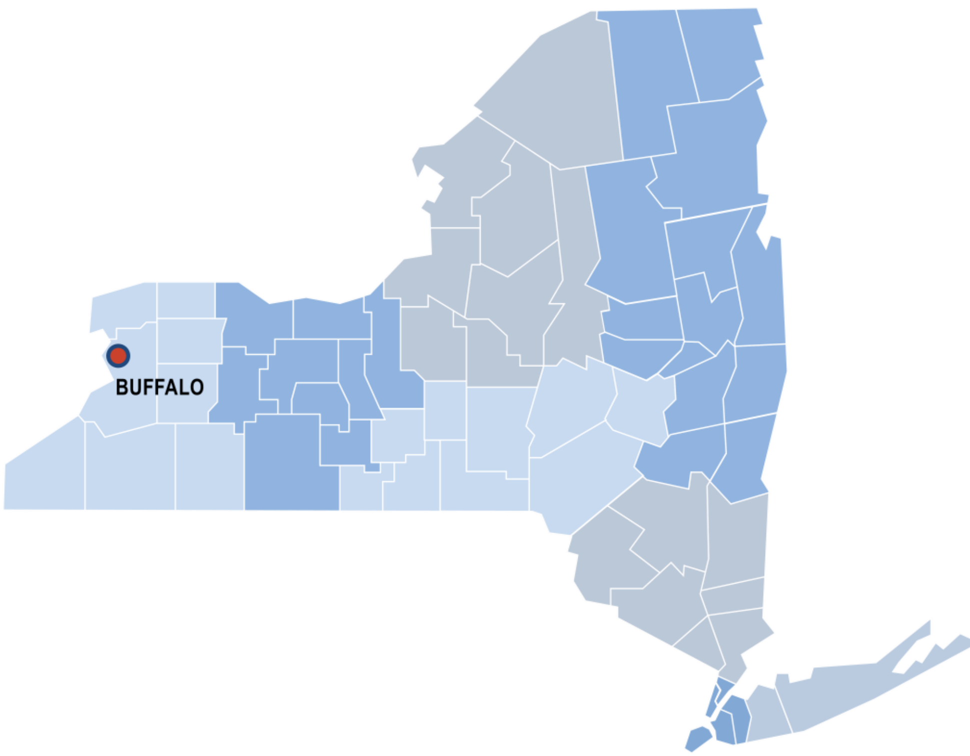
- We also reviewed the District's AFR filing status for fiscal years 2010 through 2025 to determine whether the AFRs had been filed.

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?

BUFFALO REGIONAL OFFICE
Melissa A. Myers, Chief of Municipal Audits
295 Main Street, Suite 1032, Buffalo, NY 14203-2510
Tel (716) 847-3647 • Fax (716) 847-3643
Email: Muni-Buffalo@osc.ny.gov
Serving: Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Niagara, Orleans, Wyoming 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

NYS FOLLOW US: osc.ny.gov/subscribe