

New York State Comptroller  
THOMAS P. DiNAPOLI

# Midway Fire Department

## Disbursements

May 2026 | 2026M - 11

Prepared by the Division of Local Government and School Accountability

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# Audit Results

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## Midway Fire Department

### Audit Objective

Did the Midway Fire Department (Department) Board of Directors (Board) ensure disbursements had adequate supporting documentation, were for appropriate purposes and were properly approved?

### Audit Period

January 1, 2024 – November 30, 2025

### Understanding the Audit Area

A fire department board of directors must provide adequate oversight of disbursements to help ensure financial accountability, prevent the misuse of department funds, maintain compliance with legal requirements and build public trust. The fire department board of directors must ensure disbursements are adequately supported, for appropriate fire department purposes and approved before payment.

From January 1, 2024 through November 30, 2025, the Department made 257 disbursements totaling \$94,997.

### Audit Summary

The Board did not ensure disbursements had adequate supporting documentation, were for appropriate purposes and were properly approved by the Trustees.<sup>1</sup> Furthermore, officials were not aware of the proper use of Foreign Fire Insurance (FFI) tax proceeds and made unauthorized disbursements using those funds. Without a proper review process for all disbursements before payment, the Board and membership cannot ensure the disbursements are accurate and for appropriate purposes. We reviewed 60 disbursements<sup>2</sup> totaling \$55,797 and determined officials were unable to support they reviewed and approved any of the 60 disbursements we tested. In addition, almost half of the disbursements reviewed also should not have been paid for other reasons:

- 23 disbursements totaling \$9,695 were not adequately supported by itemized invoices or receipts.
- Seven disbursements totaling \$2,378 were inappropriate because officials used FFI tax proceeds to give cash prizes and gift cards to members at various Department events.
- One disbursement for \$759 included an unsupported amount of \$215.

The report includes five recommendations that, if implemented, will improve the Department's disbursement process. Department officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate corrective action.

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<sup>1</sup> The Board consists of eight civil officers of which three are designated as Trustees to review and approve the Department's bills. See Appendix A for more details.

<sup>2</sup> All 60 claims had discrepancies. Some claims had more than one discrepancy.

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's 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. We encourage the Board to prepare a written corrective action plan (CAP) that addresses the recommendations in this report and forward it to our office within 90 days. 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.

# Disbursements: Findings and Recommendations

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A fire department board of directors is responsible for overseeing the fire department's disbursement process by establishing a system of internal controls that includes clearly defined and enforced bylaws and policies. The controls should help ensure that the disbursements are:

- Adequately supported by itemized documentation,
- For a proper fire department purpose, and
- Reviewed and approved before payment by the appropriate officials.

Also, adequate controls and policies must include a process to ensure that fire department officials and members comply with the fire department's bylaws and policies, and applicable laws, rules and regulations.

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

## **Finding 1 – Disbursements were not always supported, for appropriate purposes and properly approved.**

The Board did not ensure disbursements were properly supported, for appropriate purposes and approved. The Department's bylaws require the Trustees to review all bills (i.e., claims) before each Department meeting and issue vouchers to the Treasurer for payment. The Treasurer is required to issue disbursement checks upon receipt of a voucher issued by the Trustees. However, the Trustees did not issue vouchers to the Treasurer upon review of the monthly bills as required by the bylaws. Instead, the Trustees approved disbursements by signing purchase order forms (forms) which were used as a substitute for a voucher and gave them to the Treasurer to issue disbursements. Because the Trustees did not date the forms when they approved them and signed the forms for upcoming purchases and for purchases which were already made, it was not clear whether all disbursements and the related supporting documentation (i.e., invoices, receipts) were properly reviewed and approved. Furthermore, one Trustee told us that sometimes Trustees will pre-sign several forms before a Department meeting for anticipated purchases to be discussed and approved at the meeting. Those forms were filled out after the meeting by another Trustee and given to the Treasurer for disbursement. Additionally, there were no provisions addressed in the bylaws or by policy to require the Trustees to use a specific voucher form and to ensure all bills are adequately supported, for appropriate purposes and approved before disbursements are made.

We reviewed 60 disbursements totaling \$55,797<sup>3</sup> and determined they were not always adequately supported, for an appropriate Department purpose and approved before payment.

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<sup>3</sup> All 60 claims had discrepancies. Some claims had more than one discrepancy.

- 58 disbursements totaling \$55,437 did not have proper documentation of the Trustees' review and approval. Therefore, we could not determine whether they were reviewed and approved before payment.
- 23 disbursements totaling \$9,695 were not adequately supported by itemized invoices or receipts. However, based on discussions with Department officials and review of the vendors' names, it appears that these disbursements were for appropriate purposes.
- Seven disbursements totaling \$2,378 were inappropriate. Officials disbursed FFI tax proceeds to give \$600 as cash prizes for two golf tournaments and purchased 89 gift cards totaling \$1,778<sup>4</sup> to give to members as favors and raffle prizes at various events including one gift card for \$50 which was given to a member as a gift. OSC has concluded that, in the absence of a special act of the NY State Legislature, using FFI tax proceeds for individual use (e.g., distributing cash or gift cards to individuals) is inappropriate.<sup>5</sup>
- One disbursement for \$759 included an unsupported amount of \$215. A member of the Department was reimbursed for expenses incurred for the members' 2024 Christmas party. Department officials told us that \$200 was given to a bartender to mix beverages at the party and \$15 was used to buy supplies from a gas station.
- Two disbursements totaling \$360 were not reviewed and approved by the Trustees before payment because the related disbursement documentation forms were dated after the disbursements were made.

Department officials were not aware the disbursement process was inadequate. Furthermore, officials were not aware of the proper use of FFI tax proceeds. Without detailed bylaws and a proper review process of all disbursements before payment, the Board and Department membership cannot ensure the disbursements are accurate and for appropriate purposes. When the Treasurer makes disbursements without proper approval documentation from the Trustees, the review and approval process is circumvented. As a result, the Department has an increased risk that errors and irregularities may occur and remain undetected and uncorrected.

## Recommendations

The Board should:

1. Review, update and enforce the bylaws to provide clear guidance for the disbursement process including detailed duties for all Department officials involved.
2. Discontinue using FFI tax proceeds for cash prizes and purchasing gift cards for individuals.

The Trustees should:

3. Ensure itemized receipts and invoices are attached to all vouchers.

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<sup>4</sup> Includes a \$3 surcharge fees

<sup>5</sup> See, e.g., Opinion of the State Comptroller 82-10

4. Review all vouchers and document the approval date of all disbursements before payment.

The Treasurer should:

5. Ensure itemized receipts, invoices and approved vouchers are present in advance of issuing disbursement checks.

# Appendix A: Profile, Criteria and Resources

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## Profile

The Department is governed by its articles of incorporation, bylaws and eight-member Board that is generally responsible for managing the Department's financial activities. The Board is composed of eight Civil Officers whose responsibilities are established by the Department's bylaws. The Department has approximately 40 active volunteer members and is a not-for-profit organization that provides fire protection and emergency services within the Midway Fire District in Albany County.

The Board President is responsible for overseeing all social activities. The Trustees, who are responsible for reviewing and approving the Department's claims, are three of the Civil Officers. The Treasurer maintains the accounting records and issues disbursement checks.

## Criteria

A fire department board of directors is responsible for overseeing the fire department's disbursements. To fulfill this duty, a board of directors should establish a system of internal controls, which includes the following:

- Adopting policies and clearly defined bylaws to help ensure that disbursements are adequately supported, for a fire department purpose and approved before payment. Disbursements should include itemized documentation to support the purchase was proper and approved by the appropriate fire department officials before payment.
- Ensuring that fire department officials and members comply with the fire department's bylaws and policies, and applicable laws, rules and regulations.

The Department's bylaws require the Trustees to review all bills (i.e., claims) before each Department meeting and issue vouchers to the Treasurer for payment. The Treasurer is required to issue disbursement checks upon receipt of a voucher issued by the Trustees.

New York State Insurance Law Sections 9104 and 9105 provide how each fire department receiving FFI tax proceeds must use such funds. Additionally, unless expressly stated otherwise by a special act of the NY State Legislature or a pre-1989 local law, FFI tax proceeds may be spent for any purpose that the membership of a fire department determines to be for the benefit of the department, provided the expenditure is not illegal or contrary to public policy. For instance, OSC concluded that FFI tax money may not be expended for direct cash payments, such as providing gift cards to individual members.

New York State Not-For-Profit Corporation Law Section 202[14] allows a fire department to make donations, irrespective of its corporate benefit, for the public welfare or for community fund, hospital, charitable, educational, scientific, civil or similar purposes, and in time of war or other national emergency in aid thereof.

## Additional Resources

OSC *Local Government Management Guides* and other informational resources that are available on our 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>
- ***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>
- ***The Practice of Internal Controls:***  
<https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf>

In addition, local officials can use our website to search for audits, resources, publications and training for officials at: <https://www.osc.ny.gov/local-government>

# Appendix B: Response From Department Officials

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The content below is a reproduced copy of the original response letter issued by Department officials and is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*,<sup>6</sup> and may have included changes to spelling and grammar. The substance of the content was not changed.

To: Office of the New York State Comptroller  
Division of Local Government and School Accountability  
Attn: Glens Falls Regional Office  
One Broad Street Plaza Glens Falls, NY 12801-4396

From: Midway Fire Department, Inc.  
1956 Central Avenue  
Albany NY 12205

Re: Response to Draft Disbursements Report of Examination (2026M-11) and Corrective Action Plan

Dear Comptroller DiNapoli and Audit Team:

We appreciate the opportunity to respond to the draft Disbursements Report of Examination for the audit period January 1, 2024 through November 30, 2025. We take the findings seriously and are committed to implementing corrective actions promptly.

**Acknowledgment of Findings:** We acknowledge the report's conclusion that the Board did not ensure all disbursements had adequate supporting documentation, were for appropriate purposes, and were properly approved by the Trustees before payment. We further acknowledge instances where itemized documentation was missing, approval was not documented or dated, and Foreign Fire Insurance (FFI) proceeds were used in inappropriate purposes.

**Corrective Action Plan (CAP):** We will adopt the following actions, aligned to the report's recommendations. Target dates will be finalized at our next membership meeting in May and all actions will be completed no later than [90 days from final report date], with periodic status updates.

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<sup>6</sup> <https://www.ada.gov/resources/2024-03-08-web-rule/#highlights-of-the-requirements-in-the-rule>

1. We are developing a policy for financial oversight consistent with the recommendations from the NYS Comptroller's office. Draft exists with internal reviews to be accomplished.
2. We are developing a protocol to be followed with every invoice or billing to be paid with specific steps to be accomplished for each billing or invoice submitted for payment prior to payment happening. The protocol will require 1 standardized voucher use; prohibit pre-signing; require dated approvals; and mandate itemized documentation for every claim.
3. Responsibility: Bylaws Committee; President. Financial Secretary, Treasurer, Trustees and Department Counsel.
4. Timeframe: membership adoption of Policy and Protocol by July 30, 2026.
5. FFI Proceeds Compliance - The Department has obtained and provided the Officers involved in claim and payment processing, and the Trustees with the publication by the Firemen's Association of the State of New York (FASNY) "Two Percent Foreign Fire Insurance Funds, A Guidance Document for FASNY Members" which provides legal guidance on what payments are permitted and prohibited with such funds for use in reviewing all payments.

We appreciate the Comptroller's guidance and the professional conduct of the audit team. Please contact the undersigned with any questions or for interim updates.

Respectfully submitted,

Peter Plourde  
President, Midway Fire Department, Inc.

# Appendix C: Audit Methodology and Standards

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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 Department officials and reviewed the bylaws and Board and membership meeting minutes to gain an understanding of the Department's disbursement process.
- We reviewed general ledger reports, bank statements and bank activity, including canceled check images for the four bank accounts and two investment accounts the Treasurer maintained for January 1, 2024 through November 30, 2025 and identified 257 disbursements (i.e., claims) totaling \$94,997. The Treasurer made the disbursements by check except for one \$180 disbursement which was made by an Automated Clearing House (ACH) payment.
- Our sample consisted of 60 disbursements totaling \$55,797. We selected for review the higher-dollar value and higher-risk disbursements and reviewed all associated supporting documentation for all disbursements equal to or over \$2,000; all disbursements that included a description using "donation," "sponsorship," "gift cards" and "gift;" disbursements made out to Department members and other individuals; disbursements for various Department events; and the \$180 ACH disbursement.
- We reviewed the supporting documentation for the 60 disbursements to determine whether they were adequately supported, for appropriate Department purposes and approved before payment. We compared the supporting documentation for the disbursements to general ledger reports and to bank statements (i.e., 59 canceled check images totaling \$55,617 and one ACH payment of \$180).

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.

# Questions?

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## **GLENS FALLS REGIONAL OFFICE**

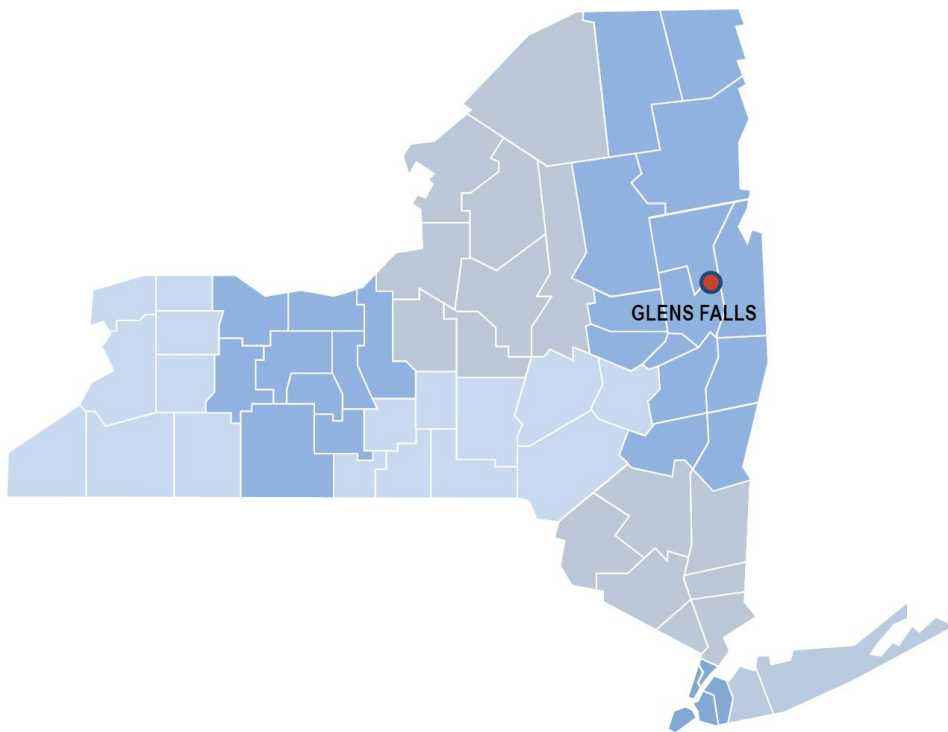
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