

New York State Comptroller
THOMAS P. DiNAPOLI

Midway Fire District

Claims Auditing

May 2026 | 2025M - 143

Prepared by the Division of Local Government and School Accountability

Contents

Audit Results	2
Audit Summary	2
Claims Auditing: Findings and Recommendations.....	4
Finding 1 – Claims were not always properly audited and supported and included unnecessary costs..	4
Recommendations	5
Finding 2 – Claims included potentially inappropriate gift card purchases.	5
Recommendation.....	6
Appendix A: Profile, Criteria and Resources.....	7
Appendix B: Response From Fire District Officials	8
Appendix C: Audit Methodology and Standards	9

Audit Results

Midway Fire District

Audit Objective

Did Midway Fire District (District) Board of Fire Commissioners (Board) properly audit claims?

Audit Period

January 1, 2024 – August 31, 2025

Understanding the Audit Area

The 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 made 695 disbursements totaling approximately \$1.1 million during the audit period.

Audit Summary

Although required, the Board did not thoroughly and deliberately audit all claims during the audit period. We reviewed 71 claims (57 disbursements) totaling \$542,613 and determined that 26 claims totaling \$123,874 were not always adequately supported; included sales tax, unnecessary charges including potentially inappropriate gift cards; or were not audited and approved by the entire Board prior to payment. The lack of a proper audit of claims increased the risk that claims for inappropriate purposes could be paid, or that irregularities could go undetected and uncorrected.

Specifically, we identified the following discrepancies in the Board's audit of 12 claims, that totaled \$107,617, or 17 percent of all claims reviewed:

- Two claims totaling \$66,332 were audited only by the Chairman instead of the entire Board approving the claims.
- Five claims totaling \$21,625 included seven charges totaling \$1,728 which did not have an itemized invoice or receipt. Although officials could not provide supporting documentation for seven charges, they assert the purchases were for legitimate District purposes. However, due to the lack of documentation to support what was purchased, we could not confirm their assertions.
- Five claims totaling \$19,660 were paid in advance of audit and approval prior to the monthly Board meetings. However, the claims were not authorized to be paid in advance.

We also noted the following matters during our review of the District's claims:

- Potentially inappropriate gift card purchases totaling \$2,000 were made.
- Sales tax totaling \$762 was paid, even though the District was exempt from paying sales tax.

- Unnecessary late fees and finance charges totaling \$212 were paid.

The report includes four 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 corrective action.

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and New York Office of the State Comptroller's (OSC) 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. 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: Findings and Recommendations

A board of fire commissioners 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 supporting the claim. 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.

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 – Claims were not always properly audited and supported and included unnecessary costs.

The Board's and Treasurer's procedures for the audit of claims include the following:

- The Treasurer prepares claim packets by entering voucher information in the accounting system, printing the voucher form and attaching vendor invoices and supporting documentation provided by District officials. The voucher form includes details such as vendor name, item description, amount due and voucher number.
- The Treasurer provides the claim packets to the Board at each Board meeting.
- Each Commissioner reviews, audits¹ and initials the claim packets during the monthly Board meetings.
- The Board passes a motion to approve the claims for payment.

We reviewed 71 claims (57 disbursements) totaling \$542,613 and determined that all claims were mathematically accurate. However, 25 claims totaling \$120,859 that were not always audited by the entire Board prior to payment, included unnecessary or inappropriate charges and lacked supporting documentation. As a result, the Board did not properly audit the claims prior to payment. Specifically, we identified the following discrepancies² in the Board's audit of claims:

- Two claims totaling \$66,332 were audited only by the Chairman instead of the entire Board approving the claims.
- 20 claims totaling \$52,982 included \$762 in sales taxes, even though the District was exempt from paying sales tax.
- Five claims totaling \$39,421 included 101 potentially inappropriate gift card charges totaling \$2,000 (see Finding 2).

¹ See Appendix A for criteria for auditing claims.

² Certain disbursements had more than one discrepancy.

- Five claims totaling \$21,625 were not adequately supported. These claims included seven charges totaling \$1,728 which did not have an itemized invoice or receipt. Based on discussions with officials, it appears that these charges were for appropriate District purposes. However, officials could not provide supporting documentation for the charges.
- Five claims totaling \$19,660 were paid prior to audit. Although these claims were audited and approved at the next Board meeting and included in the motions approving the claims for payment, these claims should not have been paid prior to audit, as they did not qualify as one of the statutory exceptions. The claims were for reimbursement to the Fire Department for the 2025 annual inspection dinner, credit card charges, bank checks and two invoices from the payroll vendor. Officials could not provide a reasonable explanation for why these claims were paid prior to audit.
- Six credit card claims totaling \$8,835 included \$212 of late fees and finance charges, which caused the District to incur unnecessary costs.

Officials could not provide a reasonable explanation for why these claims were not properly audited and supported and included unnecessary and potentially inappropriate costs to the District.

Because the Board did not perform a proper audit of claims, there was an increased risk that claims paid could be for inappropriate purposes, or irregularities could go undetected and uncorrected.

Recommendations

1. The Board should conduct a thorough and deliberate audit of all claims in accordance with New York State Town Law (Town Law) Section 176.
2. The Treasurer should not make payments unless a claim has been prepared, audited and approved by the Board for payment in accordance with Town Law Section 176.
3. The Treasurer should discontinue paying claims in advance of audit which are not authorized by the Board to be paid prior to audit.

Finding 2 – Claims included potentially inappropriate gift card purchases.

There were five claims totaling \$39,421 which included purchases of 101 gift cards totaling \$2,000. As a general rule, a fire district may give a small token of appreciation (e.g., such as a plaque or other memento) to a volunteer in recognition of their service to the fire district, provided the cost of the expenditure is nominal. However, there is no express or implied statutory authority for a fire district to make a gift of fire district property to a private individual. Therefore, we question the appropriateness of a fire district purchasing gift cards for volunteer firefighters as the gift card does not, in and of itself, commemorate or recognize the volunteer's service to the fire district.

The Midway Fire Department (Department) provides fire protection services for the District. The Department purchased 95 gift cards totaling \$1,775 for the 2024 and 2025 inspection dinners and submitted claims for reimbursement to the District. Although gift cards may be proper fire department expenditures, we question the appropriateness of the District purchasing gift cards for volunteers and therefore, the appropriateness of the Board approving the following claims for payment:

- 20 gift cards totaling \$650 were included in the claim for the 2024 inspection dinner. Three of the gift cards, totaling \$150, were given to three individuals, each of which participated in judging the inspection of the District's fire trucks preceding the inspection dinner. The remaining 17 gift cards totaling \$500 were given away as raffle prizes to members of the Fire Department during the inspection dinner.

- 75 gift cards totaling \$1,125 were included in the claim for the 2025 inspection dinner. A total of 59 gift cards were given away as favors to all members of the Fire Department who attended the inspection dinner. The remaining 16 gift cards were kept at the Fire Department.
- Six gift cards totaling \$225 were included in three credit card claims. Three gift cards totaling \$75 were given to three individuals judging the inspection of the fire trucks preceding the 2025 inspection dinner. One gift card of \$75 was given to the District Secretary as a “thank you” for her service. One gift card of \$50 was given as an award to the firefighter of the year. One gift card of \$25 was given away as a raffle prize during a recruiting event.

Board members and the Treasurer stated that they were not aware that gift cards may not be a proper District expenditure. As a result, the Board approved claims for payment which included potentially inappropriate gift cards.

Recommendation

4. The Board should not approve claims for payment for gift cards.

Appendix A: Profile, Criteria and Resources

Profile

The District is located in the Town of Colonie in Albany County. An elected five-member Board governs the District and is responsible for its overall financial management. The Treasurer is the chief fiscal officer and is responsible for preparing and recording the claims in the accounting system, providing the claims to the Board for audit and issuing payments. The District is comprised of one fire department which provides fire protection services.

The District made 695 disbursements totaling approximately \$1.1 million during our audit period.

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 New York State Town Law Section 176(4-a), a board of fire commissioners must audit all claims against the fire district before disbursing payments. 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.

A fire district is not subject to the restrictions set forth in Article VIII, Section 1 of the New York State Constitution, which generally prohibits local governments from making gifts of fire district property to individuals or private corporations. However, there also is no express or implied statutory authority for a fire district to make a gift of fire district property to a private individual, association or corporation. Therefore, fire district officials should refrain from making gifts of fire district property to private individuals, associations or corporations.

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/local-government/publications/claims-auditing-process/introduction>

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 Fire District Officials

The content below is a reproduced copy of the original response letter issued by District officials and 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.

The District's response letter refers to an attachment that supports the response letter. Because the District's response letter provides sufficient detail of its actions, we did not include the attachment in Appendix B.

MIDWAY FIRE DISTRICT

200 Consaul Road
Albany, New York 12205
Telephone: (518) 456-1993
Telefax: (518) 456-3342

Re: [Response to Claims Auditing Report of Examination \(2025M-143\)](#)

Summary of Key Findings

OSC determined that all claims were not always adequately supported; included sales tax or unnecessary charges including potentially inappropriate gift cards; or were not audited and approved by the entire Board prior to payment.

District's Commitment to Corrective Action

The Board appreciates OSC's work and takes these findings seriously. It is noted that the district began adjusting its operation as it learned about corrective items that the examiners advised on at the time of the audit with many corrections initiated as early as September of 2025. In particular, while the audit found and the audit report noted that \$762 in sales tax had been improperly paid by the district during the audit period. The district has already initiated the process of collecting refunds with respect to those sales taxes and an additional \$11,000 which the district has identified as recoverable within the statute of limitations.

Pursuant to Town Law §181-b, the District has prepared and is submitting with this response a separate written corrective action plan as required within 90 days of receipt of the report and, to the extent practicable, will begin implementation by the end of the next fiscal year. The District understands that fire districts are required to submit both a response and a corrective action plan following an external audit and that OSC has been revisiting fire districts to specifically audit the actions taken in response to recent audits. We are committed to promptly adopting, filing, and implementing the attached Corrective Action Plan (CAP) and strengthening internal controls to ensure effective, compliant, and transparent claims auditing practices going forward.

Implementation Oversight

The Board will assign responsibility for each corrective step, establish timelines, and monitor progress at public meetings. We will make the CAP available for public review consistent with OSC guidance.

We appreciate OSC's guidance and collaboration. Please direct any questions regarding this response or the CAP to William Hoffman, Chairman, Board of Fire Commissioners at the above address.

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

Appendix C: Audit Methodology and Standards

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 District officials and reviewed claim packets and Board meeting minutes to gain an understanding of the District's claims audit process.
- We reviewed claim packets and general ledger reports for the audit period. The District made 695 disbursements totaling approximately \$1.1 million which were required to be audited and approved by the Board. We selected for review the higher dollar value and higher risk disbursements and reviewed all associated claims: all disbursements over \$10,000, all disbursements made to the credit card company, all disbursements made to the Commissioners and the Treasurer, all non-recurring Automated Clearing House (ACH) disbursements and two recurring ACH disbursements for each vendor. Our sample consisted of 57 disbursements which included 71 claims totaling \$542,613. We reviewed the claims to determine whether they were supported by adequate documentation, mathematically accurate, for appropriate District purposes, audited and approved by the Board prior to payment or were authorized by the Board to be paid prior to audit and were subsequently audited by the Board. We compared the information from the claim packets to general ledger reports and to bank statements and bank documentation (i.e., 51 canceled check images totaling \$537,373 and six ACH disbursements totaling \$5,240).

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(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective(s).

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?

GLENS FALLS REGIONAL OFFICE

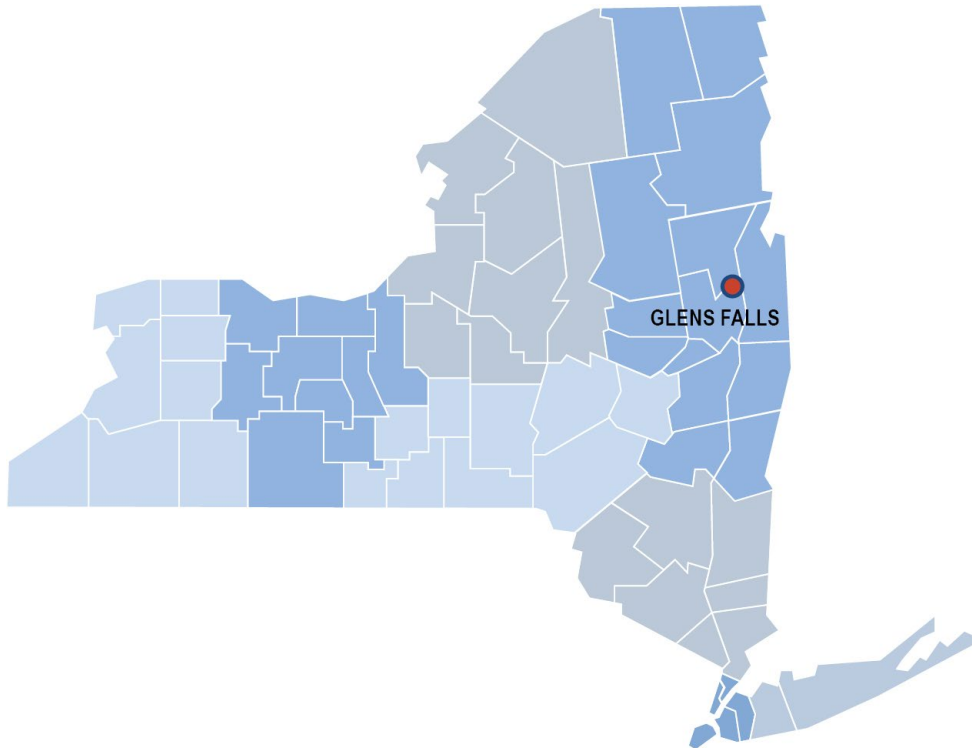
Gary G. Gifford, Chief of Municipal Audits

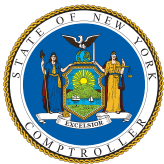
One Broad Street Plaza • Glens Falls, New York 12801-4396

Tel (518) 793-0057 • Fax (518) 793-5797

Email: Muni-GlensFalls@osc.ny.gov

Serving: Albany, Clinton, Columbia, Essex, Franklin, Fulton, Greene, Hamilton, Montgomery, Rensselaer, Saratoga, Schenectady, Warren, Washington counties





Contact

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

(518) 474-4044

www.osc.ny.gov

Prepared by the Division of Local Government and School Accountability

 FOLLOW US: [osc.ny.gov/subscribe](https://www.osc.ny.gov/subscribe)