

New York State Comptroller
THOMAS P. DiNAPOLI

Sayville Fire District

Claims Audit

July 2026 | 2026M - 18

Prepared by the Division of Local Government and School Accountability

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Audit Results

Sayville Fire District

Audit Objective

Did the Sayville Fire District (District) Board of Commissioners (Board) properly audit and approve claims before payment?

Audit Period

January 1, 2024 – February 28, 2025

Understanding the Audit Area

A board of fire commissioners (board) should conduct a thorough and deliberate audit of all claims, before authorizing them to be paid, to ensure that tax dollars are spent properly, efficiently and in the best interests of taxpayers. Auditing claims also helps the board ensure that internal controls are working as intended and monitor the financial duties of the fire district treasurer. 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.

The District's 2024 expenditures totaled \$3.6 million and were funded primarily by real property taxes. During the audit period, the District processed 1,586 claim vouchers (vouchers) totaling \$2.6 million.

Audit Summary

The Board did not properly audit and approve all claims before payment. When the Board does not perform a thorough and complete review of claims to ensure that they are supported by adequate invoices or other documentation, the District has an increased risk that it could incur unnecessary costs or pay for goods or services that are not valid District expenditures.

We determined that the Board did not always perform a thorough and deliberate audit of claims before approving payments. We reviewed 365 claims totaling more than \$1.5 million¹ and determined 260 claims (71 percent) totaling approximately \$1.2 million should not have been approved because the claims did not contain sufficient information to allow for a proper audit, or they contained one or more discrepancies. In addition, none of the 365 claims had proper budget account codes, which prevented the Board from ensuring that there were sufficient appropriations available to pay the claims and caused some claims to be improperly approved. For example, although the District is a nonprofit organization, the Board approved claims that included sales taxes totaling \$808. Also, claims totaling \$277 were paid to purchase alcoholic beverages² that officials used to dedicate (break the bottles on) a new fire truck.

The report includes nine recommendations that, if implemented, will improve the effectiveness of the District's claims audit processes. District officials generally agreed with our recommendations and have initiated or indicated they planned to initiate corrective action. Appendix C includes our comment on an issue that was raised in the District's response letter.

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 D.

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

¹ Refer to Appendix C for further information on our sample selection.

² Bottles of champagne

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 Audit: Findings and Recommendations

To ensure that tax dollars are spent efficiently, a fire district board must conduct a thorough and deliberate audit of claims before authorizing payments.

A claim is a demand presented for the payment of money due for goods that have been delivered or services that have been provided. A claim package should contain enough detail and documentation so that the fire district board has sufficient information to determine whether the claim is reasonable and a legitimate fire district expenditure. All claim packages should include a voucher that provides vendor details, purchase description, account code charged, claim amount, documentation of original approval of purchase and a receipt of goods. 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.

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 – The Board did not perform a thorough, deliberate or effective claims audit.

We reviewed 365 claims that included 462 vouchers totaling more than \$1.5 million, which were paid during the audit period, and determined that the Board should not have approved any of the 365 claims because the budget account codes on each voucher were missing or incomplete. Furthermore, 260 claims (71 percent) totaling approximately \$1.2 million did not contain sufficient information to allow for a proper audit or contained one or more discrepancies, as follows:

- 297 claims totaling \$1.3 million had incomplete budget account codes on their vouchers and 68 claims totaling \$245,274 were missing budget account codes on their vouchers. District officials did not notice that the accounting system printed the object codes for which an invoice should be recorded, but not the expenditure code.³ Because many object codes (i.e., for equipment or personal service costs) can occur under more than one expenditure code, this incomplete reference can lead to recording expenditures incorrectly and increases the risk that budget lines could be overspent. The Treasurer should not pay claims if the budget does not have sufficient appropriations available to pay them. When the Board exceeds budgeted appropriations when paying claims, it must transfer funds from other budget lines or from fund balance in a timely manner to ensure that appropriations are available for those claims. If the Board instead waits until the end of the year to make these transfers, officials cannot ensure that financial resources will be available to pay claims during the year.
- 186 vouchers totaling approximately \$1.3 million did not have the “claimant certification” section filled out by the vendors. The District Secretary told us that she did her best to obtain this information, but vendors often did not complete it. Also, vouchers relating to construction often have the certification on the invoice instead of the voucher. The District Secretary said that she planned to discuss with the Board the possibility of amending the voucher to require that the claimant certification section contain a checkbox which, when selected, indicates the certification is on the attached invoice, to require the section be filled out only for claims that exceed a certain dollar threshold, or to remove the claimant certification section altogether.
- 99 claims totaling \$322,393 had incomplete vouchers. Each was missing one or more pieces of information, including the claim date, item quantities, item prices, a sufficient description of the goods or services purchased, and/or the claimant’s certification. For example, a \$5,814 voucher for the repair of a fire district vehicle did not include the year of the purchase (only month and day), a specific quantity,

³ An expenditure code has a minimum of five digits and is arranged by the “function” and “object” of an expenditure. The first four digits identify the “function,” which is the purpose of the expenditure. The last digit of the expenditure code is the “object,” which identifies the item purchased or service obtained that is needed to carry out the function identified in the first four digits.

unit, price details and a sufficient description. Consequently, the claim did not contain enough information to allow for a proper audit. The Board and District officials told us that the missing details were an unintentional oversight on their part. However, because officials used the standard voucher as a claim cover sheet, if they had filled out all required information on the voucher, all claim information would have been available to the Board and presented in a uniform and organized manner. Each voucher should be completed in its entirety or should be edited to include only information needed to perform a sufficient audit of the claim.

- 49 vouchers totaling \$201,627 were not labeled with a claim number. Another 12 vouchers totaling \$12,520 shared the same five claim numbers. The Board and District officials told us that the missing detail was an unintentional oversight on their part. However, when claims do not have a unique number assigned to each voucher, the Board cannot effectively determine whether invoices attached to the vouchers were previously paid.
- 15 claims totaling \$106,472 were handwritten additions on the abstracts and may not have been reviewed by the Board. The Secretary told us that District officials frequently requested that an invoice be paid on a current abstract after she had closed it out. However, when the Treasurer allows late additions to alter the abstracts, the District has an increased risk that these additions may not be audited and could lead to improper payments that are not for valid District purposes.
- 38 vouchers totaling \$11,082 improperly included sales tax totaling \$808, which the District was exempt from paying. These claims were primarily payments for utilities, such as electric and gas utilities and Internet and phone services. The Treasurer told us that improperly paying for sales tax was an oversight and that he is actively pursuing reimbursement for these costs. However, had the Board performed a thorough and deliberate review of these claims, it would have noticed the unnecessary tax and could have directed the Treasurer to have the invoices corrected before paying the claims.
- Two claims included two purchases of alcoholic beverages totaling \$277 that were not valid District expenditures. District officials told us that, because the alcohol was purchased to break on a truck during a dedication ceremony, they did not think that the purchases were improper.

Because the Board did not conduct a thorough, deliberate or effective claims audit, the District incurred unnecessary costs and may have paid for goods and services that were not for proper District purposes.

Recommendations

The Board should:

1. Conduct a thorough and deliberate audit of all claims to ensure that they are adequate, complete and for appropriate District purposes and that there are sufficient appropriations to pay the claims.
2. Ensure that all claims do not include sales tax before approving them for payment.
3. Obtain reimbursement for the improper \$304 payments identified in the report.

The Treasurer should:

4. Consecutively number each voucher with a unique claim number.
5. Include all claims on an abstract and present all claims to the Board for audit before payment with adequate supporting documentation.
6. Ensure that all required information is included on each voucher.

Finding 2 – Board resolutions ordering the Treasurer to pay claims did not match the abstracts.

During the audit period, the Board adopted 27 resolutions that ordered the Treasurer to pay claims totaling \$2.6 million, which included 1,586 vouchers. To determine whether the vouchers had been properly approved, we reviewed seven resolutions and compared them to their 17 abstracts, which included 473 vouchers totaling approximately \$2 million. The Board audited the claims containing the 473 vouchers before the Board meetings and approved 447 of the vouchers totaling \$1.5 million.

We determined that the seven resolutions ordered the Treasurer to pay 406 vouchers totaling \$929,248. Consequently, the Treasurer paid claims totaling \$523,287 more than the Board formally authorized during the audit period. District officials told us that most of these discrepancies occurred because the Board frequently allowed late, handwritten additions to abstracts.

We determined that the 15 claims that were handwritten on abstracts appeared to be for appropriate District purposes. However, when officials add claim amounts onto a finalized abstract, the District has an increased risk that the claims could be paid before they are audited, or without being audited at all, which could result in inaccurate or improper payments that are not for valid District purposes.

Recommendations

The Board should:

7. Not approve claims that are handwritten on abstracts.
8. Ensure that its resolutions ordering claims to be paid contain the correct number and dollar amount that it authorized.

The Treasurer should:

9. Pay claims after the Board has audited and approved them.

Appendix A: Profile, Criteria and Resources

Profile

The District provides fire protection and emergency services to approximately 17,000 residents in the hamlet of Sayville, which is located within the Town of Islip in Suffolk County. The District encompasses approximately four square miles, including seven miles of shoreline.

The District is governed by the elected five-member Board that is responsible for managing and controlling the District's financial operations, which includes developing policies and auditing claims. The Board meets twice each month to conduct District business, such as auditing and approving claims. The Treasurer is appointed by the Board and is the District's chief fiscal officer. The Treasurer receives, disburses, records and maintains custody of all District money and prepares periodic financial reports.

Criteria

A claim is a demand presented for the payment of money 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 proper audit by someone who is entirely unfamiliar with the transaction. A proper claims audit includes a thorough and deliberate examination to determine whether a claim is a legal obligation and a proper charge against a fire district. Generally, a fire district board must audit all claims against the fire district before disbursing payments.

A fire district board's claims audit responsibilities include ensuring, among other things, that:

- Each claim is for a valid and legal purpose.
- Claims are in a form prescribed by the fire district board.
- Each claim is mathematically correct. Receipts and invoices should total the sum of the claim packet.
- Invoices are sufficiently itemized and include information such as weight, quantity, size, unit price and totals, and a full description of the goods or services provided.
- Sales tax is not charged for exempt expenditures. Fire districts are generally exempt from paying sales tax.
- Goods and services are received by including documentation with each claim that confirms that goods were received and services were rendered. Including packing slips with claims helps officials verify that the correct items and amounts of goods are received by the District.
- Sufficient appropriations are available to pay all claims. Including budget account codes on abstracts allows the fire district board to check the budget to determine whether sufficient appropriations are available before paying the claims. The fire district treasurer should not pay claims if sufficient budgetary appropriations are unavailable. When the fire district board exceeds budgeted appropriations, it must transfer funds from other budget lines or fund balance in a timely manner. If the fire district board instead waits until the end of the year to make these transfers, officials cannot ensure that financial resources will be available to pay claims during the year.
- Claims have not been paid previously (duplicate payments), in whole or in part.

In addition, the board may, by resolution, authorize payments for public utility services (e.g., electric, gas, water, sewer and telephone), and postage, freight, and express delivery charges before the board audits the

related claims. However, these claims should be audited as soon as possible after payment and be included on the next abstract as prepaid amounts.

When officials use the District's standard voucher as a claim cover sheet and fill out all required information on the form, all claim information will be available to the Board and presented in a uniform and organized manner. Each voucher should be completed in its entirety or should be edited to include only information needed to perform a sufficient audit of the claim.

It is important that a fire district board documents its authorization for the fire district treasurer to pay the claims. This is typically accomplished by requiring the fire district treasurer to list audited and approved claims on an abstract and submit it to the fire district board. The fire district board then should review and approve or reject the claims listed on the abstract, pass a board resolution stating that the claims have been audited and approved and order the fire district treasurer to pay the claims.

Minimum requirements for an abstract generally include the claim number, name of claimant, amount approved and the fund and appropriation account (budget account code) to be charged. Including budget account codes on the abstracts allows the board to check the budget to determine whether sufficient appropriations are available before paying the claims.

The fire district board resolution directing the treasurer to pay the claims should, at minimum, include the beginning and ending claim numbers approved for payment, the number of claims approved and the total dollar amount approved.

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:

- *Improving the Effectiveness of Your Claims Auditing Process*: <https://www.osc.ny.gov/local-government/publications/claims-auditing-process>

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 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.

Sayville Fire District

June 22, 2026

Mr. Ira McCracken
Chief of Municipal Audits
Division of Local Government and School Accountability
Office of the State Comptroller
250 Veterans Memorial Highway
Hauppauge, New York 11788

Re: Draft Audit Report – Sayville Fire District Claims Audit (Report 2026M-18)

Dear Mr. McCracken:

The Board of Fire Commissioners of the Sayville Fire District appreciates the time and effort devoted by the Office of the State Comptroller in conducting this audit and providing recommendations intended to strengthen the district's claims auditing procedures.

The Board recognizes the importance of maintaining a comprehensive and well-documented claims audit process and is committed to implementing procedures that further enhance accountability, transparency, and compliance with applicable requirements.

1. The Board notes that the audit did not identify any duplicate payments, fraudulent disbursements, missing assets, or payments for goods and services that were not received. [OSC Comment: See Appendix C, Note 1] Rather, many of the findings relate to documentation, voucher preparation, coding, and procedural matters associated with the district's claims processing system. Nevertheless, the Board agrees that improvements are warranted and has already begun implementing corrective measures.
2. With respect to sales tax, the district has reviewed its exemption procedures and is working with affected vendors to ensure that future invoices properly reflect the district's exempt status. District officials will continue efforts to obtain credits or reimbursements where appropriate.
3. The Board has received reimbursement for the improper \$304 payment reflected in the audit report.
4. Since the audit period, District officials have reviewed and revised claims processing procedures to ensure that vouchers contain complete budget account coding, claim identification numbers, and supporting documentation before being submitted to the Board for audit. Administrative staff have been instructed to verify that claims packages are complete and that all claims are included in finalized abstracts prior to Board review and approval.
5. The Board has also implemented additional procedures to reconcile approved abstracts to Board resolutions to ensure that the number and dollar amount of claims authorized for payment agree with the claims audited by the Board. Future resolutions will contain sufficient detail to clearly document Board authorization of claims.

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

6. A new policy has been adopted to reflect that all required information is included in each voucher submitted for payment by the Board of Fire Commissioners.
7. A new policy has been adopted where no additional payments will be added to the abstract once it has been run for the Board meeting. Any late requests for payment will have to wait till the next regular Board of Fire Commissioners' meeting.
8. Multiple bills received from one vendor for payment will be combined on one voucher and if they are over \$2,000.00 the vendor will have to certify the claim voucher before it is submitted to the Board of Fire Commissioners for payment.
9. All vouchers and bills submitted for payment will first have to be audited by the Board of Fire Commissioners, treasurer and secretary before they are submitted and approved for payment by the Board of Fire Commissioners.

The Board acknowledges the report's observations concerning certain expenditures identified during the audit. The Board will review those expenditures and the applicable legal and regulatory guidance and will take any action deemed appropriate based upon that review.

The Board appreciates the recommendations contained in the report and is committed to strengthening its claims auditing procedures. The district will continue to work with its Treasurer, administrative staff, professional advisors, and legal counsel to ensure that claims are properly documented, audited, approved, and recorded in accordance with applicable laws and best practices.

Respectfully submitted,

Christopher Chester, Chairman
Sayville Fire District
On Behalf of the Board of Fire Commissioners

Appendix C: OSC Comment on the District's Response

Note 1

The audit objective focused on whether the Board properly audited and approved claims before payment. The audit team assessed the risk of fraud occurring that is significant within the context of this audit objective, as required by generally accepted government auditing standards (GAGAS). Therefore, these audit results cannot be used to conclude there is no fraud, theft or professional misconduct in the District's operations.

Appendix D: 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 Board members and District officials to gain an understanding of the District’s policies and claims auditing and approval procedures.
- We reviewed District policies and the Board’s meeting minutes and resolutions related to claims auditing approvals.
- The Board adopted resolutions to pay claims at 27 Board meetings during the audit period. Using our professional judgment, we selected to review the resolution that the Board approved at its first 2024 Board meeting. Then we selected to review the resolution from every fifth meeting thereafter. This sample included all claims and related vouchers from each abstract that were attached to the resolutions. We also chose to review a resolution from one additional 2025 Board meeting to capture a change in format for the District’s abstract. The selected seven resolutions approved claims containing 406 vouchers totaling \$929,248, which was 22 percent of the 1,586 vouchers totaling \$2.6 million that the Board approved during the audit period.
- We reviewed the claims in our sample to determine whether they were:
 - For a valid District purpose
 - Properly authorized and approved
 - Properly formatted
 - Mathematically correct
 - Sufficiently itemized
 - For goods or services received as described
 - Not duplicates of claims that had already been paid
 - Sufficiently supported with documentation, such as detailed receipts, invoices and packing slips.

We conducted this performance audit in accordance with 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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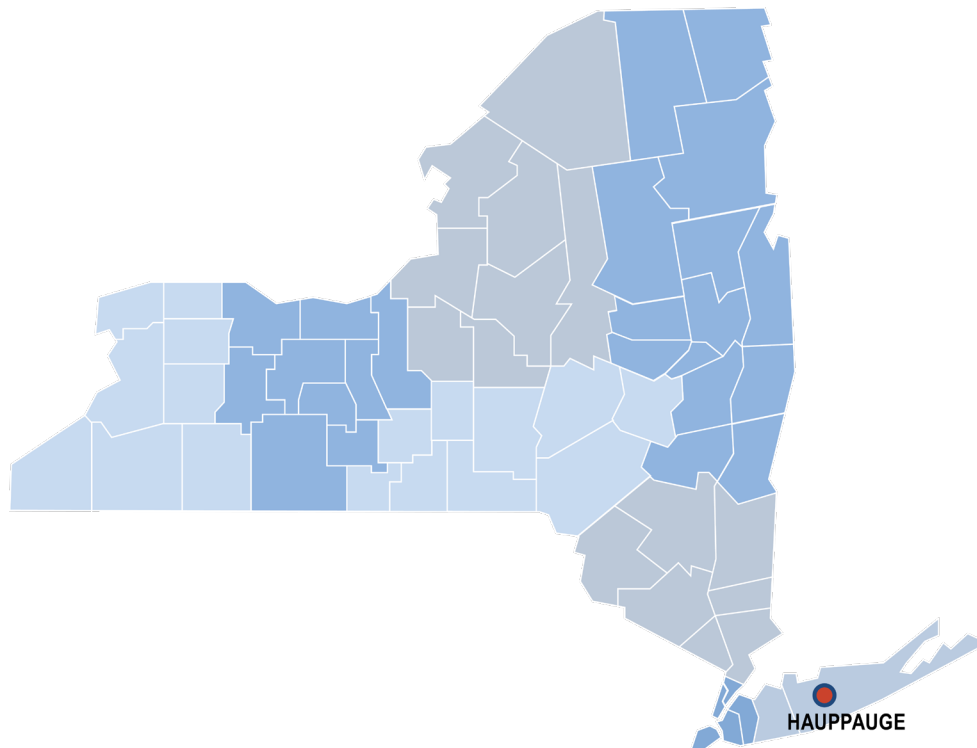
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