New York State Comptroller
THOMAS P. DiNAPOLI

Twin District Volunteer Fire Company

Credit Cards

September 2026 | 2026M-35

Prepared by the Division of Local Government and School Accountability

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Audit Results

Twin District Volunteer Fire Company

Audit Objective

Did Twin District Fire Company (Company) officials ensure credit card purchases were properly supported and for appropriate Company purposes?

Audit Period

January 1, 2024 – July 31, 2025.

We extended our scope period to September 2025 to review a relevant policy.

Understanding the Audit Area

Credit cards can be a useful purchasing tool because they allow cardholders to acquire goods and services efficiently. However, the convenience of credit cards also increase the risk that purchases may be improper, not properly supported or not in a company's best interest. As a result, effective internal controls and oversight are essential to ensure that expenditures are properly supported and for appropriate purposes. This oversight should include clear policies, independent review of purchase and supported documentation and periodic monitoring of credit card activity. To ensure that credit cards are used only for approved and necessary expenses, a fire company must have both a credit card policy and a system of internal controls in place.

From January 1, 2024 through July 31, 2025, the Company made credit purchases totaling $255,200, including $54,763 related to travel expenses and training.

Audit Summary

Company officials did not always ensure that credit card purchases were properly supported and made for appropriate Company purposes. Although the Company's credit card policy assigned responsibility for monitoring credit card activity to the Board of Directors (Board), the Board did not review credit card purchases, statements or supporting documentation before approving payment. Instead, the Board relied on card holders to monitor usage and review and approve their own purchases. Without independent Board oversight, the risks of misuse, excessive spending and improper purchases remains high. Allowing credit card users to review and approve their own purchases also weakens internal controls and increases the risk that questionable or potentially fraudulent expenditures will occur and not be detected.

We reviewed 932 credit card purchases totaling $255,200 and identified 140 credit card purchases totaling $25,950 that lacked sufficient supporting documentation. Of them, we physically located 15 purchases totaling $3,977. We selected 28 of the remaining 125 unsupported purchases totaling $15,740 to further review and determined that officials did not have adequate support for three of the purchases totaling $1,161 made at a warehouse club, a local restaurant and online retailer. As a result, we could not determine whether these purchases were for appropriate Company purposes.

In addition, of the 932 credit card purchases, 100 credit card purchases totaling $29,929 were related to meals and lodging for conferences and training. Because the Company did not adopt a travel policy establishing allowable travel expenses and spending limits, officials incurred unnecessary costs. Had officials followed rates established by the United States General Services Administration (GSA),[1] the Company could have saved approximately $12,000, or 40 percent of these travel-related costs.

1 The GSA establishes the per-diem rates that federal agencies use to reimburse employees for lodging and meals and incidental expenses incurred while on official travel.

This report includes five recommendations that, if implemented, will improve Board oversight and accountability for credit card and travel expenditures, and reduce the risk of inappropriate or unsupported spending and help safeguard Company resources. Company officials generally agreed with our recommendations and indicated they are taking corrective action. Appendix C includes our comment on the Company's response.

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 New York State General Municipal Law (GML). The audit's methodology and standards are included in Appendix D.

The Board has the responsibility to initiate corrective action. The Board is encouraged to prepare a written corrective action plan (CAP) that addresses the recommendations in this report and forward it to OSC within 90 days. 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.

Credit Cards: Finding and Recommendations

To ensure credit card purchases are properly supported and appropriate, the governing board should adopt policies and procedures communicating its expectations and requirements regarding credit card use. Credit card users should be required to provide documentation such as original receipts and/or itemized invoices to support each purchase and packing slips or an attestation to support that the goods or services purchased were received. The board should review each transaction and correlating documentation to ensure transactions were initiated only by authorized credit card users, properly supported, for appropriate (legitimate) business purposes and did not include unnecessary fees or taxes. The board should also reconcile each transaction on the credit card statement to supporting documentation before approving payment of the credit card bill each month.

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

Finding 1 – Company officials did not ensure credit card purchases were properly supported and were for appropriate Company purposes.

The Board-adopted Credit Card Policy (Policy) required individuals authorized to use Company credit cards to acknowledge when a credit card is issued in their name, that personal purchases are not permitted and receipts are required for every purchase. In addition, the Policy stated that users who do not provide a receipt within 10 days of receiving the credit card statement must reimburse the Company for the unsupported purchase.

According to the Policy, the Board is responsible for monitoring credit card use; however, the Board did not review credit card statements or credit card purchases to ensure purchases were supported, appropriate or that users complied with the Policy prior to approving payment. Generally, the Board relied on the officials who were issued credit cards to monitor their own use and review and approve their own purchases. However, allowing credit card users to review and approve their own purchases creates opportunities to make questionable or potentially fraudulent purchases that could remain undetected.

The Secretary of Finance told us that when he received the credit card statements for each card, he forwarded them to the appropriate authorized cardholder. The cardholders were responsible for attaching supporting documentation such as invoices or receipts for each purchase to support that they were for appropriate Company purposes. The credit card balance was automatically paid off each month with an electronic withdrawal from the Company's checking account. The Board approved these payments after they occurred at monthly meetings even though the Company's bylaws required the Board to review and approve all bills prior to payment. Further, the Board approved the automatic credit card payment after it was made, without reviewing the credit card statements, individual charges or supporting documentation.

We reviewed 932 credit card purchases totaling $255,200 made from January 1, 2024 through July 31, 2025, and determined that 140 credit card purchases totaling $25,950 were not properly supported by sufficient documentation. Specifically, 80 purchases totaling $7,734 had no receipts with the credit card statements and 60 purchases totaling $18,216 had receipts that were not sufficiently itemized to allow someone reviewing credit card transactions to determine whether the purchases were for appropriate Company purposes.

The Board Chairman, President, Financial Secretary and Fire Chief each told us that sometimes they lost their receipts or forgot to submit them. Because the Board was not monitoring credit card use or whether officials were complying with Policy requirements to submit supporting receipts for all purchases, it was not aware that most credit card purchases were not supported. As a result, the Board missed an opportunity to enforce Policy compliance by requiring credit card users to reimburse the Company for unsupported purchases.

The Financial Secretary told us that if he was not given a receipt, he reviewed the purchase with the Chairman, and if the Chairman did not ask further questions on the purchase, he paid it and did not seek reimbursement.

Not enforcing a Board-adopted policy increases the risk of making inappropriate purchases and undermines the controls the policy was intended to provide.

Officials told us the 140 unsupported credit card purchases were related to Company business, as follows:

- 33 purchases totaling $14,932 were for member entertainment such as golf outings, food for member meetings, food and supplies for members to keep at the fire hall and annual gifts for officers.
- 66 purchases totaling $7,215 were for equipment and building expenses including office supplies and technology purchases.
- 41 purchases totaling $3,803 were for travel expenses such as flights and hotel stays for members to attend conferences.

To determine whether these purchases were for appropriate company purposes, we selected 28 of the 140 unsupported credit card purchases totaling $15,740 (61 percent) to review with officials. Officials provided supporting documentation to demonstrate that 25 of the purchases were for appropriate Company purposes.[2] Officials could not provide documentation to substantiate the remaining three purchases totaling $1,161. Specifically:

- One purchase for $678 was from a warehouse club retail store using the credit card assigned to the Chairman. The Chairman told us this purchase was for fire hall supplies such as food and disposable plates, but he lost the receipt and, because he did not have an online account with the vendor, he was unable to look up the itemized receipt.
- One purchase for $262 was from a local restaurant using the credit card assigned to the President. Although the President told us this was for a social gathering at the fire hall, he was unable to provide support that there was a Company-sponsored event on the date of purchase.
- One purchase was for $221 from an online retailer using the credit card assigned to the Financial Secretary. The Financial Secretary told us he did not recall what was purchased and the order history he provided from the online retailer did not support this purchase.

Although most unsupported credit card charges appeared to be related to a Company purpose, because the Board did not review credit card statements, transactions and purchases, there is an increased risk that improper and unsupported purchases were made and remain undetected and uncorrected.

Travel-Related Purchases – While officials were able to provide support for travel-related purchases for conferences, the Company did not have a travel policy defining appropriate types of travel expenses and amounts. Company officials implemented a travel policy in September 2025 stating the Board may refer to the GSA to determine per-diem rates. However, the policy did not require the Board to implement GSA rates or provide clear guidance on allowable travel expenses and limitations.

We reviewed 100 credit card purchases totaling $29,929 for meals and lodging related to travel for conferences and training. Had Company officials established per-diem rates such as GSA rates and provided guidance to members regarding appropriate per-diem and lodging rates to use, the Company could have saved approximately $12,000.

While the Chairman told us hotels that offered the GSA rate were inconvenient, he did not provide support that other hotels were researched or contacted. Although the Company is not required to use the GSA rate, the Company receives approximately 92 percent of its revenue from public taxpayer dollars through its contract with the Town to provide fire protection services. As such, Company officials should spend these funds responsibly by using the most cost-effective and reasonable travel accommodations available.

Without proper oversight by the Board, the risk of Company credit cards being misused for extravagant travel costs remains high.

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2 Refer to Appendix D for further information on our sample selection.

Recommendations

The Board should:

1. Review credit card statements and purchases prior to payment as required by the Company's bylaws.
2. Ensure all credit card purchases are for appropriate Company purposes and are supported by adequate documentation such as original invoices or itemized receipts as required by the Policy.
3. Require reimbursement for unsupported, personal or otherwise inappropriate purchases.
4. Adopt and enforce a travel policy establishing allowable expenses, travel reimbursement rates and spending limits.

The Financial Secretary should:

5. Report unsupported purchases to the Board and request that the Board investigate these purchases as required by the Policy, and if necessary, request reimbursement for credit card purchases the cardholder cannot support as being appropriate for Company purposes.

Appendix A: Profile, Criteria and Resources

Profile

The Company is a not-for-profit organization providing fire protection services to the Town of Lancaster in Erie County through an annual contract. The Company received $1,113,212 from the Town in 2024, and $1,142,785 from the Town in 2025 for such contracts. The Company's budgeted appropriations were $1,292,920 for 2024 and $1,549,600 for 2025.

The Company has 45 volunteer members and is governed by its bylaws and the elected five-member Board and six Executive Officers. The Board is responsible for managing and overseeing the Company's financial activities.

The Financial Secretary is responsible for overseeing bill payment upon receiving approval from the Board. A bookkeeper assists the Financial Secretary by recording all financial activities in the Company's financial software and preparing financial reports.

During the period January 1, 2024 through July 31, 2025, the Company had four credit cards – one each assigned to the Chairman, the President, the Financial Secretary and the Fire Chief. These officials used credit cards during this time to pay for vehicle parts and repairs, equipment and supplies, travel for training, groceries, holiday celebrations, group outings, fundraising events and other miscellaneous purchases.

Criteria

Properly supported credit card purchases have adequate documentation such as original itemized receipts, packing slips or invoices and documentation describing the need for the purchase or purpose of the charge. Supporting documentation also should include the names of those who incurred the expenses. For example, a restaurant charge should include the names of the officials who attended and the purpose of the charge.

Appropriate credit card purchases are those that are for valid company purposes. The nature and amounts of the purchases should be reasonable within the scope of a volunteer fire company as defined in the company's bylaws, articles of incorporation or other governing documents. According to the Company's bylaws, the Company's objective is to provide fire protection and emergency first aid, acquire and own fire apparatus and other emergency equipment, provide suitable facilities for the use of the members of the organization for meetings, social activities and community activities and foster a continuing interest in volunteer fire service and the welfare of volunteer firefighters. As such, appropriate purchases should align with this objective or further the Company's purpose.

To ensure credit card purchases are properly supported and for appropriate company purposes, a board should adopt a clear written policy establishing and communicating its expectations and requirements. The policy should describe the types of purchases allowed, prohibit personal use, indicate the documentation that must be maintained to support purchases made and describe procedures for monitoring card use. The board should monitor and ensure compliance with the policy and review credit card purchases, statements or supporting documentation prior to approving payment to ensure transactions were properly supported, were for a legitimate company purpose; and did not include unnecessary fees or taxes.

A board should also develop and adopt a travel and conference policy as the foundation for establishing effective controls over travel and conference expenses. An effective and easy way to ensure that travel and conference expenses stay within reasonable limits is to adopt the federal lodging, meal and mileage guidelines as the maximum travel rates. The United States GSA publishes rates for lodging and meals that federal officers and employees cannot exceed. Other measures, such as a certificate of attendance and/or completion for training events before making reimbursements can also ensure that only actual and necessary expenses are incurred.

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:

- *Local Government Management Guide: 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
- *Local Government Management Guide: Travel and Conference Expense Management:* https://www.osc.ny.gov/local-government/publications/travel-conference-expense/introduction
- *Cost-Saving Ideas: Credit Card Accountability – Minimizing the Risk of Error, Misuse and Fraud:* https://www.osc.ny.gov/local-government/publications/cost-saving-ideas-credit-card-accountability-minimizing-risk-error-misuse-and-fraud

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 Company Officials

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

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Response to Office of the New York State Office of the State Comptroller Audit Recommendations

To Whom It May Concern:

The Twin District Volunteer Fire Company, Incorporated ("the Company") is an entirely volunteer organization that has proudly and diligently served the Town of Lancaster since 1942. Our members are dedicated to protecting and serving the community, often at significant personal sacrifice. The volunteer fire service provides an invaluable service to municipalities and represents a substantial cost savings when compared with the operation of a fully paid fire department.

The Company receives funding through taxpayer-supported contracts with the Town of Lancaster, as well as through various fundraising activities.

As stated on the Office of the State Comptroller's ("OSC") website, audits provide opportunities to improve operations and governance, identify strategies to reduce costs, and strengthen internal controls intended to safeguard organizational assets. OSC further states that its goal is for every audit to have a positive result and that audit findings and recommendations provide an opportunity for organizations to take positive action and document their efforts to improve operations.

The Company welcomes this review and appreciates OSC's efforts to assist our organization in strengthening its financial operations, internal controls, and overall efficiency. Throughout the audit process, the Company's elected officers devoted significant additional time to working with the auditors, providing requested documentation, answering questions, and explaining the Company's financial and operational practices.

We also made every effort to provide the auditors with a broader understanding of the unique nature of a volunteer fire company and the demands associated with maintaining an organization whose members voluntarily dedicate countless hours to protecting their community and, when necessary, place themselves in harm's way. We believe that understanding this operational context is important when evaluating the policies, procedures, and administrative practices of a completely volunteer organization.

The Company has carefully reviewed the audit recommendations and has taken corrective action. Our responses are outlined below.

Recommendation #1 - The Board should review credit card statements and purchases prior to payment.

Corrective Action: The Board has updated the Company's credit card policy to strengthen its oversight of credit card activity. The revised policy requires Board approval for all purchases prior to payment. All Company credit card holders have reviewed and signed the updated policy.

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

Recommendation #2 - The Board should ensure all credit card purchases are for appropriate Company purposes and are supported by adequate documentation.

Corrective Action:

This recommendation has been addressed through the Company's updated credit card policy, which establishes requirements for appropriate Company-related purchases and supporting documentation.

Recommendation #3 - The Board should require reimbursement for unsupported, personal, or otherwise inappropriate purchases.

Corrective Action:

This recommendation has been addressed through the updated credit card policy, which establishes procedures for addressing unsupported, personal, or otherwise inappropriate purchases, including reimbursement when applicable.

Recommendation #4 - The Board should adopt and enforce a travel policy establishing allowable expenses, travel reimbursement rates, and spending limits.

Corrective Action:

The Board has established a formal travel policy that establishes allowable travel expenses and a daily rate rather than a reimbursement-based system.

As noted in the audit report, the Company is not required to use the U.S. General Services Administration (GSA) rates. Nevertheless, the Board agrees that the GSA rates provide a reasonable and objective foundation for evaluating proposed travel expenses and has incorporated that consideration into its review process.

Recommendation #5 - The Financial Secretary should report unsupported purchases to the Board and request that the Board investigate these purchases as required by the policy and, if necessary, request reimbursement for credit card purchases that the cardholder cannot support as being appropriate for Company purposes.

Corrective Action:

This recommendation has been addressed through the updated credit card policy, which establishes procedures for reporting and reviewing unsupported purchases and, when appropriate, seeking reimbursement from the cardholder.

The Company believes it is important to note that, within the scope of this audit, no evidence of fraud or deliberate misuse of Company funds was identified [OSC Comment: See Appendix C, Note 1]. The recommendations contained in the audit are intended to strengthen internal controls, improve documentation and oversight, and reduce the risk of such occurrences in the future. The Company accepts the value of these recommendations and has taken steps to implement the necessary corrective actions.

In conclusion, the Twin District Volunteer Fire Company appreciates the efforts of the Office of the State Comptroller and recognizes the value of an independent review of our financial and administrative practices. We are committed to using the findings of this audit as an opportunity to strengthen our policies and procedures and to ensure that Company funds are properly safeguarded and utilized for their intended purposes.

At the same time, we respectfully emphasize the unique nature of our organization. The Twin District Volunteer Fire Company has operated for more than 80 years through the dedication of individuals who voluntarily give their time, often at considerable personal sacrifice, to protect and serve the residents of the Town of Lancaster.

While financial records, receipts, and internal controls are essential components of responsible governance, we believe it is equally important to recognize the volunteer environment in which these administrative responsibilities are carried out.

We appreciate the opportunity to respond to the audit findings and to document the corrective actions undertaken by the Company. If there are any additional questions or concerns regarding our responses or corrective actions, please do not hesitate to contact us.

Respectfully,

Keith Kerl
Chairman of the Board
Twin District Volunteer Fire Company, Inc.

Appendix C: OSC Comment on the Company’s Response

Note 1

The objective of the audit focused on whether the Board ensured credit card purchases were properly supported and for appropriate Company purposes. 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. Therefore, these audit results cannot be used to conclude there is no fraud, theft or professional misconduct in the Company’s operations.

Appendix D: 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 gained an understanding of the Company's credit card purchasing process by interviewing Company officials, and reviewing the Policy, Board meeting minutes, Company bylaws, credit card statements, credit card claim packets and other supporting documentation.
- We obtained and reviewed credit card statements from January 1, 2024 through July 31, 2025, and determined the Company made 932 credit card purchases totaling $255,200 using the Company's four credit cards. To determine whether credit card purchases were supported, we reviewed all credit card vouchers to verify if itemized receipts and/or invoices were attached to the vouchers.
- To determine whether credit card purchases were appropriate, we used our professional judgment and information gathered during discussions with officials to verify purchases were made within guidelines established by the Company's objective as stated in its bylaws.
- We identified 140 purchases totaling $25,950 that were not properly supported. We reviewed all 140 purchases with the President, Financial Secretary, Fire Chief and Chairman. We judgmentally selected 15 of the 140 purchases totaling $3,977 to determine whether the items were physically located at the Company. We located each of the 15 items and verbally communicated the results of this test to officials. Then, using our professional judgment, we selected 28 purchases totaling $15,740 (72 percent of the remaining 125 purchases) exceeding $200, including food purchased for meetings and events, gifts for members and the fire investigator association membership monthly fee. We discussed with the President, Financial Secretary, Fire Chief and Chairman to determine whether additional supporting documentation or information was available such as meeting roster, membership card, and detail of the gifts purchased (total number and a sample available) to corroborate the reasonableness of these purchases.
- We identified $29,929 in travel expenses incurred on Company credit cards and used the GSA per-diem rate to calculate the difference between travel expenses using the GSA rate compared with actual travel expenses incurred.

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.

Questions?

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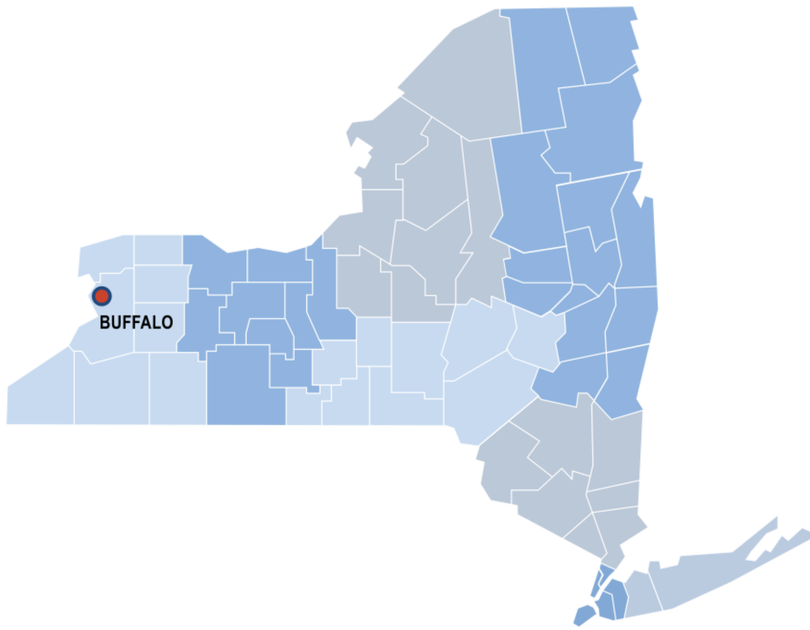

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