New York State Comptroller
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Yorkshire Fire District

Claims Auditing

November 2026 | 2026M-100
Prepared by the Division of Local Government and School Accountability

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Audit Results

Yorkshire Fire District

Audit Objective

Did the Yorkshire Fire District (District) Board of Fire Commissioners (Board) properly audit claims before payment?

Audit Period

January 1, 2025 – April 30, 2026

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 of fire commissioners' 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's 2026 budgeted appropriations totaled approximately $180,000. During the audit period, the District paid 167 claims totaling approximately $206,000.

Audit Summary

The Board did not properly audit all claims before payment. As a result, the District paid claims that were not properly authorized or adequately supported and did not have assurance that goods and services were received, purchases were adequately documented or District procurement policies were followed. This demonstrates how the District was at an increased risk that improper, unsupported or unauthorized expenditures could be paid.

We reviewed 31 claims totaling approximately $179,000 and determined that the Board did not perform a thorough and complete audit of any of the claims. Although all 31 claims were for appropriate District purposes, 28 claims (90 percent) lacked sufficient documentation or evidence of proper authorization. Specifically, we identified claims with:

- No Board approval or authorization to pay,
- No competitive procurement,
- No evidence that the goods or services were received,
- No documentation to determine what was purchased, and
- Noncompliance with the District's policies.

Three claims totaling approximately $93,000, while not audited by the Board, contained adequate supporting documentation.

The report includes two recommendations that, if implemented, will help ensure claims are properly audited, authorized and supported before payment, strengthen accountability over District expenditures and safeguard District assets. District officials generally agreed with our recommendations and their response is included in Appendix B. Appendix C includes our comment on an issue raised in the District's response letter.

Claims Auditing: Finding and Recommendations

A board of fire commissioners should perform a thorough audit of every claim against a fire district before authorizing payment by ensuring that each claim is adequately supported and is for a valid and legal purpose. Typically, a board will audit the claim packets, which include a standard voucher form as a cover sheet and supporting documentation, such as original invoices, packing slips, purchase orders, receipts and written quotes. A claim packet should contain enough detail and adequate supporting documentation so that a board has sufficient information to determine that the claim is a legal obligation and a proper charge against the fire district.

More details on the criteria used in this report, as well as resources that the Office of the New York State Comptroller (OSC) makes available to local officials that can help them improve operations, are included in Appendix A.

Finding 1 – The Board did not properly audit claims before payment.

We reviewed 31 claims totaling approximately $179,000 that were paid during the audit period and determined that the Board did not audit and approve any of these claims before payment. Three[1] Commissioners told us that the Board trusted and relied on the Treasurer to ensure that claims were adequately supported and were for proper District purposes, and did not request or review any of the claims or the associated supporting documentation. The three Commissioners also told us that they did not know they were required to audit the claims themselves. However, each Commissioner attended the mandatory fiscal training that discussed the specifics of the Commissioners' claims audit responsibilities. Regardless of the Commissioners' reasoning, the Board was required to audit claims to ensure, among other things, that claims were legal obligations and proper charges against the District.

Of the 31 claims we reviewed, none of which were audited by the Commissioners, we determined that while three claims totaling approximately $93,000 had adequate supporting documentation, 28 claims (90 percent) totaling $86,342 did not contain sufficient supporting documentation to have allowed for a proper audit of claims or contained one or more discrepancies. Specifically:

- 28 claim packets totaling $86,342 did not contain sufficient supporting documentation for the Board to approve the purchases. For example, the Commissioners could not provide us with documentation demonstrating their initial authorization for two purchases of personal protective equipment totaling approximately $27,000. Two Commissioners, who were on the Board at the time of the purchases, told us that the Board was aware of these purchases but did not adequately document the approval process. As a result, the District had an increased risk that unauthorized or improper purchases could be made and go undetected.
- 26 claim packets totaling $86,240 did not contain adequate evidence for competition sought in compliance with the District's procurement policy. For example, District officials could not provide documentation showing they requested or received the required bids for a firefighting system[2] totaling approximately $20,000. While Board meeting minutes indicated that this purchase was from a sole-source provider, the Board did not maintain any documentation to support this determination or demonstrate that officials contacted other vendors for a similar system. Although the Board may have considered this vendor to be a sole-source provider and therefore did not seek competition for this purchase, without documentation to support this determination it should have sought competition as required by the District's procurement policy. Because the Board did not use and document a

1 One Commissioner did not return our requests to talk about the audit, and the Board had one vacant position.
2 A cascade system that refills firefighters' breathing air bottles

competitive procurement process, it could not help assure taxpayers that procurements were made in their best interests without possible favoritism, fraud or waste.

- 19 claim packets totaling approximately $62,000 did not contain sufficient evidence (e.g., packing slips, delivery receipts or original contract agreements) to demonstrate that the District received the goods or services. For example, the two claims totaling approximately $27,000 for the purchase of personal protective equipment did not include documentation indicating that the equipment was received. Although we determined that the District received the goods and services indicated in all 19 claims, the District had an increased risk that it could pay for goods and services that were not received because supporting documentation was not adequately maintained.
- Eight claim packets totaling approximately $6,000 included invoices that were not sufficiently itemized to allow the Board to determine what was purchased or whether the District was charged correctly. For example, invoices for two claims totaling approximately $2,000 for insurance coverage did not include a breakdown of the premiums paid. Without this detail, the Board could not determine whether the charges were accurate. While we reviewed additional documentation and determined that the District was charged correctly, the Board should have conducted a claims audit to ensure that charges against the District were proper and accurate.

Because the Board did not perform a thorough and deliberate audit of any claim packet before payment, the Treasurer paid claims before the Board verified that they contained adequate supporting documentation. As a result, residents may have paid more than necessary for the District's goods and services. During the audit, we provided the Treasurer and Commissioners with the publication included in Appendix A of this report to help them understand what a proper claim packet should include and why a proper claims audit is critical to District operations. District officials indicated that they would begin to implement guidance from the publication.

Recommendations

1. The Board should conduct a thorough and deliberate audit of all claims before payment to ensure that they are adequately supported, complete, are for proper District purposes, and comply with District policies.

2. The Treasurer should not pay claims unless they have been audited, authorized and approved by the Board.

This audit was conducted pursuant to Article V, Section 1 of the State Constitution and OSC's authority as set forth in Article 3 of the New York State General Municipal Law. The audit's 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 (Town Law), a written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and forwarded to OSC 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 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.

Appendix A: Profile, Criteria and Resources

Profile

The District is located in the Town of Yorkshire (Town) in Cattaraugus County, and works in conjunction with the Yorkshire Fire Department (Department) to provide fire protection and emergency services to the Town. The District is governed by the elected five-member Board that is responsible for managing and controlling the District's financial operations, which includes auditing claims. The Board appoints a District Treasurer who serves as the District's chief fiscal officer and is responsible for receiving, disbursing, accounting for and reporting on District funds.

The District is funded primarily by taxes levied on properties that are located within the District's geographical service area. The District owns the fire protection equipment used by the Department.

Criteria

A board of fire commissioners should properly audit claims by thoroughly and deliberately examining the claims to determine whether each one is a legal obligation and a proper charge against the fire district. Generally, the board must audit all claims against the fire district before disbursing payments, in accordance with Town Law Section 176(4-a).

A claim is a demand presented for 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 satisfactory audit by a person who is unfamiliar with the transaction. When auditing claims, the board should ensure that claim packets contain enough detail and documentation so that the board has sufficient information to determine whether it should approve the claims.

A board's audit responsibilities include determining whether:

- Each claim is for a legitimate fire district purpose.
- Each claim is supported by sufficient documentation, such as detailed receipts, invoices and receiving documentation.
- Invoices are sufficiently itemized with information such as weight, quantity, size, grade, unit price and totals and a full description of the goods or services provided.
- Goods and services have been received by ensuring that each claim packet includes documentation that confirms that goods were received and services were rendered. Including packing slips with claim packets helps fire district officials determine whether the fire district has received the correct items and amounts of goods.
- All required approvals and authorizations are documented or attached to the claim form.
- Policies were followed, including the District's procurement policy.

Additional Resources

OSC's *Local Government Management Guides,* and other informational resources that are available on OSC's website to help officials understand and perform their responsibilities, include:

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

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

Appendix B: Response From District Officials

The content below is a reproduced copy of the original response letter issued by District officials, is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*,[3] and may have included changes to spelling and grammar. The substance of the content was not changed.

District officials included their lengthy CAP with their response. As their response included sufficient information to indicate their intentions, we did not include the CAP as a part of the final report.

YORKSHIRE FIRE DISTRICT
P.O. BOX 66
YORKSHIRE, NY 14173

Re: Audit Response

The Board of Fire Commissioners of the Yorkshire Fire District appreciates the work performed by the Office of the State Comptroller during its review of the District's claims auditing process. The Board acknowledges the audit findings regarding claims auditing procedures and agrees that improvements were necessary to strengthen internal controls and documentation practices. The audit found no evidence of inappropriate District expenditures and noted that all claims reviewed were for valid District purposes [OSC Comment: See Appendix C, Note 1].

Since the audit period, the District has taken significant corrective action to address the recommendations identified in the report. By May 2026, the Board implemented a formal claims auditing process requiring claims to be reviewed, audited and approved by the Board prior to payment. Claim packets are now maintained with supporting documentation, including invoices, approvals, procurement documentation, receiving documentation and other records necessary for a complete audit trail.

The District has also strengthened compliance with its procurement policy by maintaining documentation supporting competitive procurement requirements, sole-source determinations and purchasing decisions. Commissioners have reviewed their statutory responsibilities regarding claims auditing and now perform a deliberate review of claims before authorizing payment.

The Board is committed to maintaining these procedures going forward to ensure accountability, transparency and appropriate stewardship of taxpayer funds.

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

Appendix C: OSC Comments on the District's Response

Note 1

The objective of the audit focused on whether the Board properly audited 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. Therefore, these audit results cannot be used to conclude the audit found no evidence of inappropriate District expenditures.

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 interviewed District officials, including Commissioners and the Treasurer, and reviewed policies, regulations, procedures and Board meeting minutes to gain an understanding of the District's claims auditing process.

- We used our professional judgment to select a sample of 31 claims totaling approximately $179,000 from a population of 167 claims totaling approximately $206,000 paid between January 1, 2025 and April 30, 2026. Our sample included reimbursements to District or Department individuals, high dollar value and round dollar payments, and payments to vendors that may not conduct regular business with fire districts. We focused our testing on these claims because of a higher risk that improper or unsupported payments could be made and remain undetected. We reviewed the claims selected to determine whether they were:

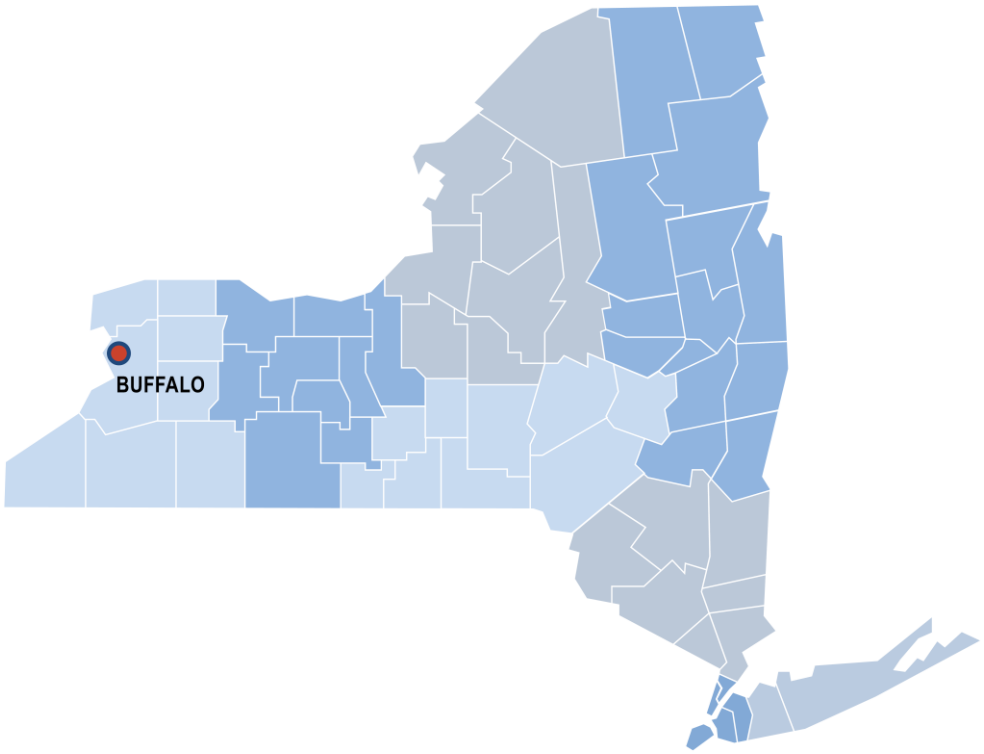
    - For an appropriate District purpose,
    - Properly authorized and approved,
    - Sufficiently itemized,
    - Authorized and paid in accordance with procurement policy requirements,
    - For goods or services that the District received, and
    - Sufficiently supported with documentation, such as quotes, bids or requests for proposals, detailed receipts/invoices and packing slips.

OSC auditors conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objective. Auditors believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or relevant population size and the sample selected for examination.

Questions?

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