



THOMAS P. DiNAPOLI
COMPTROLLER

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER
110 STATE STREET
ALBANY, NEW YORK 12236

GABRIEL F. DEYO
DEPUTY COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY
Tel: (518) 474-4037 Fax: (518) 486-6479

December 2017

Mr. Walter Pipo, Chairman
Aurora-Colden Fire District No. 6
1864 Davis Road
West Falls, New York 14170

Report Number: 2017M-208

Dear Chairman Pipo and Members of the Board of Fire Commissioners:

The Office of the State Comptroller works to identify areas where fire district officials can improve their operations and provide guidance and services that will assist them in making those improvements. Our goals are to develop and promote short-term and long-term strategies to enable and encourage fire district officials to reduce costs, improve service delivery and account for and protect their entity's assets.

In accordance with these goals, we conducted an audit of the Aurora-Colden Fire District No. 6 (District), which addressed the following question:

- Did the District establish adequate controls to ensure that financial activity is properly recorded and reported and to safeguard District money?

We discussed the results with District officials and considered their comments in preparing this report. The District's response is attached to this report in Appendix A. District officials agreed with our findings and recommendation and indicated they plan to take corrective action.

Background and Methodology

The District is a district corporation of the State, distinct and separate from the Towns of Aurora and Colden in Erie County. The District's 2017 general fund budget appropriations totaled \$345,300 and are funded primarily by real property taxes.

The District is governed by a Board of Fire Commissioners (Board) consisting of five elected members responsible for the District's overall financial management and safeguarding its resources. The Board appoints a Treasurer who is the District's chief fiscal officer responsible for the receipt and custody of District funds, disbursing and accounting for those funds, preparing monthly and annual financial reports and meeting any other reporting requirements.

We examined the internal controls over the District's financial operations for the period January 1, 2016 through July 19, 2017. We interviewed appropriate District officials and reviewed financial records and Board minutes. We conducted this performance audit in accordance with generally accepted government auditing standards. 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.

Audit Results

The Board is responsible for overseeing the District's financial activities and safeguarding its resources. To fulfill this duty, it is essential that the Board establish a system of internal controls, which consists of policies and procedures that ensure transactions are authorized and properly recorded; that financial reports are accurate, reliable and filed in a timely manner; and that the District complies with applicable laws, rules and regulations.

We found that the Board generally provides adequate oversight to ensure that financial activity is properly recorded and reported and District money is safeguarded. The Board adopted a procurement policy that addresses all procurement of the District's goods and services. The policy requires three documented verbal quotes for purchases up to \$7,000, three written quotes on vendor letterhead submitted to the Board for its review and approval for purchases from \$7,001 up to \$20,000, and sealed bids for purchases over \$20,000.

The Treasurer maintained complete, accurate and timely records and properly accounted for financial activities. Cash receipts were properly deposited and recorded, and disbursements were for proper District purposes. The Treasurer prepared and submitted monthly reports to the Board, who also reviewed the Treasurer's monthly bank reconciliations and retained a certified public accountant to perform an annual audit.

We reviewed bank statements and deposits totaling \$345,323 and found that the money was properly deposited and accounted for. We also reviewed 278 disbursements totaling \$395,648 and found they were generally supported with adequate documentation, properly authorized and for valid District purposes. However, these purchases were not always made in compliance with the District's purchasing policy, which was not detected during the Board's audit of claims. As a result, the District did not solicit competition, or retain evidence of soliciting competition, for 97 purchases totaling \$171,013 that were subject to its purchasing policy. The majority of these purchases were for a capital construction project and building maintenance on the District's fire hall (\$57,831), liability insurance (\$41,596), fleet maintenance (\$30,919) and firefighter physicals (\$14,178). While we were unable to compare these purchases to other similar items online, we reviewed the documentation attached to the claim and discussed with officials and found that the purchases were for valid District purposes.

Recommendation

1. The Board should ensure District officials obtain and retain quotes and bid documentation for purchases in accordance with the purchasing policy.

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. The Board should make the CAP available for public review in the Secretary's office.

We thank the Aurora-Colden Fire District No. 6 officials for the courtesies and cooperation extended to our auditors during this audit.

Sincerely,

Gabriel F. Deyo
Deputy Comptroller

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

The District officials' response to this audit can be found on the following page.

1864
DAVIS ROAD



WEST FALLS, NY
14170

December 14, 2017

Mr. Jeffrey Mazula, Chief Examiner
Office of the State Comptroller
Division of Local Government and School Accountability
Buffalo Regional Office
295 Main Street, Suite 1032
Buffalo, NY 14203-2510

Dear Mr. Mazula,

The Aurora Colden Fire District #6 has received and reviewed the Audit Report Number: 2017M-208 covering the period January 1, 2016 through July 19, 2017.

Based on our review of the report and the exit discussion we are in agreement with the finding regarding compliance with our Procurement Policy.

As a result of this audit, the Fire District is now in the process of insuring that purchases that are subject to our procurement policy contain the required verbal and written quotes and other pertinent documentation.

We would like to thank the auditors from your office for the assistance and guidance that they provided to us in a very courteous and professional manner.

Yours truly,

Walter Pipo,
Commissioner and Chairman of the Board