

Keeseville Volunteer Fire Department

Financial Operations

SEPTEMBER 2017



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Keeseville Volunteer Fire Department

Audit Objective

Determine whether the Department's financial activity was properly recorded and reported and Department money was safeguarded.

Key Findings

- Department officials did not review the bank statements and canceled check images for the bank accounts managed by the Treasurer and Fire Police Captain.
- Department officials did not deposit or account for all donations received or deposit money received from fundraisers and lounge sales.
- Deposits totaling approximately \$158,300 were not supported by adequate documentation.
- Department officials did not approve 499 disbursements totaling \$63,010 before payment was made.

Key Recommendations

- Review bank statements and canceled check images.
- Ensure that all collections are supported by adequate documentation and deposited.
- Review and approve all disbursements before payment, in accordance with the bylaws.

Department officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

Background

The Keeseville Volunteer Fire Department (Department), located in the Town of Ausable in Clinton County, was chartered by the State in 1878. The Department provides fire protection and other emergency services to Ausable-Chesterfield-Keeseville Joint Fire District (District) residents.

The Department is governed by its adopted bylaws, which established the following member-elected officers: President, Vice President, Treasurer, Secretary, Fire Chief, two Assistant Chiefs, Fire Captain, Fire Lieutenant, Fire Police Captain, Fire Police Lieutenant, Emergency Medical Services (EMS) Captain, and EMS Lieutenant. The Treasurer is responsible for receiving Department funds, disbursing funds for authorized expenses, maintaining accounting records and preparing monthly financial reports.

Quick Facts

39	Members
\$158,763	Deposits During the Audit Period
\$121,922	Disbursements During the Audit Period

Audit Period

January 1, 2015 – January 31, 2017

Financial Operations

Department officers are responsible for the Department's overall general and financial affairs. The bylaws established an Executive Committee (Committee) composed of Department officers (President, Secretary, Treasurer, Chief, two Assistant Chiefs, three Captains and Fire Lieutenant) and the rules and bylaws committee Chair. The Committee is authorized to overrule Department membership decisions with a two-thirds full-committee vote and may act on the membership's behalf in case of a valid emergency.

The District provides the Department with fire equipment, safety gear and a fire station and funds the Department's fire protection and emergency services operations. The Department receives money from fundraisers, bingo and bell jar games,¹ donations, concession and lounge sales, hall rentals, foreign fire insurance funds² and other miscellaneous sources.

How Should Financial Transactions Be Recorded and Reported?

The Department's bylaws establish the Treasurer's responsibility for maintaining the Department's accounting records. The Treasurer should maintain complete, accurate and up-to-date accounting records to provide the Department officials with essential information to effectively manage cash and monitor the Department's financial affairs. These records should include checkbook registers for each bank account listing all deposits and disbursements and a running cash balance.

The Treasurer should also reconcile the checkbook balances with the bank statements on a monthly basis to ensure that financial transactions are accurately recorded and that cash is properly accounted for. It is also essential that Department officials review the reconciliations and bank statements on a regular basis to fulfill their financial oversight responsibilities.

The bylaws require the Treasurer to prepare and provide monthly reports to Department officials at each regular meeting and mid-month Executive Committee meetings. The monthly reports should include all money received and disbursed during the month and reconciled cash balances for each bank account. Further, the NYS Gaming Commission (Commission) regulations (Regulations) require the

1 Bell jars are games of chance in which a player draws a card from a jar, machine or some other container, and prizes may be received based on the number or symbol on it.

2 Foreign fire insurance funds represent a tax on the premium paid on insurance policies as provided for in New York State Insurance Law, which entitles fire departments protecting an eligible area to receive an appropriate share of the tax collected on insurance policies written by foreign insurers on policies within their area of protection.

Department to prepare and file financial reports of bingo and bell jar operations³ within 15 days after the end of each calendar quarter.

Accounting Records Were Not Properly Maintained

The Treasurer properly accounted for financial transactions by maintaining checkbook registers that contained deposits, disbursements and running cash balances for eight checking accounts (bingo, bell jar, regular, rescue squad, Dragoon memorial, fire tax, recreation and toy drive). However, the Treasurer did not maintain the fire police checkbook register, which was maintained by the Fire Police Captain.⁴

As a result, the Treasurer did not maintain accounting records for all Department financial transactions as required by the bylaws. The Fire Police Captain provided us with a checkbook register that contained deposits, disbursements and a running cash balance for the fire police checking account for the period October 5, 2015 through January 31, 2017. However, he was unable to provide us with the checkbook register for the period January 1, 2015 through October 4, 2015. As a result, Department officials cannot be sure that all fire police activities are adequately accounted for.

Bank Reconciliations Were Not Prepared

Neither the Treasurer nor the Fire Police Captain prepared monthly bank reconciliations and Department officials did not review the bank statements and corresponding checkbook registers. We prepared bank reconciliations for the Department's active checking accounts for three months during our audit period.

We found that for 21 of our 23 reconciliations the adjusted bank balances agreed with the corresponding checkbook register balances. However, for two reconciliations these balances did not agree. Specifically, the recorded cash balance for the fire police checking account was overstated by \$257 at the end of October 2015 and understated by \$399 at end of February 2016 when compared to the reconciled cash balance. These discrepancies occurred because of recording errors made by the Fire Police Captain in the checkbook register.

³ Form BC-7Q (Quarterly Statement of Bingo Operations) and Form GC-7Q (Quarterly Statement of Bell Jar Operations) are required to be filed with the Commission

⁴ Fire police financial transactions were recorded in the checkbook register during January through April 2016 by another fire police member in the Fire Police Captain's absence.

The failure to prepare monthly bank account reconciliations and of Department officials to review the bank statements and corresponding checkbook registers increases the risk that errors or irregularities could occur and remain undetected and uncorrected.

Required Reports Were Not Always Prepared and Filed

The Treasurer prepared monthly reports for eight Department checking accounts, which contained beginning cash balances, receipts, disbursements, ending cash balances and included certificate of deposit cash balances.

The Fire Police Captain prepared monthly reports for the fire police checking account, which included the receipts received and disbursements made after the last regular monthly meeting date through the current meeting date and a reconciled cash balance as of the current meeting date. However, the April 2016 report was the last monthly report prepared and the March 2016 report was the last report presented to Department officials. Furthermore, the Treasurer's and Fire Police Captain's reports were not provided to Department officials for their review but instead were read aloud at the Department's regular monthly meetings, which limited Department officials' ability to exercise adequate financial oversight.

The Department prepared and filed all required financial reports for bingo operations with the Commission during our audit period in accordance with the Regulations. However, officials have not prepared and filed a financial report for bell jar operations with the Commission since the third quarter of 2015. As a result, the Department has not filed the required reports for the fourth quarter of 2015 and all four quarters of 2016.

When we notified Department officials about these unfiled reports, they told us that they were unaware the reports had not been filed. This occurred because the Fire Police Captain was responsible for preparing and filing these reports with no oversight. Because the Department did not prepare and file the required quarterly financial reports for bell jar operations with Commission, the Department had not remitted 5 percent of bell jar net profits that would have been reported. Due to the Department's insufficient recordkeeping for bell jar operations, Department officials were unable to determine the amount owed to the Commission.

How Should Collections Be Accounted For and Deposited?

Department officials should establish policies and procedures for the supervision of those charged with receiving collections and require the issuance of duplicate press-numbered receipts or some other method to accurately document the

source, date, amount, form (i.e., cash or check) and purpose of amounts collected.

Good business practices require that at the conclusion of each bingo occasion, two members should count the collections received and verify that the total amount agrees with supporting documentation for the amounts collected, which should be signed by the members. When members remit collections to the Treasurer for deposit, they should provide adequate documentation to support the collections and obtain a receipt from the Treasurer to document the transfer of money, as required by the Department's bylaws.

The bylaws require collections to be deposited within three days of receipt. In addition, the Regulations require bingo collections to be deposited no later than the next business day following the date of a bingo occasion and bell jar collections to be deposited no later than Wednesday each week (except when Wednesday is a holiday, deposits should be made the next business day).

It is critical that collections be deposited intact (in the same amount and form as received) to reduce the risk of fraud or concealment. Undeposited collections should also be secured in an access restricted safe or other locked storage until deposited in the bank. When collections are not secured, there is an increased risk of loss or misuse.

Collection Procedures Were Inadequate

Department officials held bingo events, sold bell jar tickets⁵ and operated two concession stations at the fire station on Saturdays during our audit period but discontinued these activities on June 25, 2016 due to building construction at the fire station. Department officials held an annual golf tournament fundraiser in August and an annual toy drive fundraiser in November and December during 2015 and 2016. In addition, officials operated a lounge for the benefit of Department members, where members could purchase snacks and non-alcoholic beverages. These collections supplemented money received from donations, foreign fire insurance funds, hall rentals and miscellaneous income.

During our audit period, Department officials and members received and deposited money collected for these activities into the Department's nine checking accounts. However, because Department officials did not establish

⁵ The Department did not have a license to sell bell jar tickets from January 1, through April 3, 2015.

comprehensive written policies and procedures over collections or provide adequate oversight, collection procedures were inadequate and not in accordance with the bylaws. For example, Department officers and members rarely issued duplicate press-numbered receipts for the funds collected and did not maintain other documentation to adequately support the amounts received.

In addition, the Treasurer did not issue receipts for any collections remitted to him for deposit, as required by the bylaws. Collections were also not properly secured before deposit. For example, donations were kept in the Treasurer's mailbox in the Department's office, which was accessible to all Department officers, until the money was deposited. Similarly, the key to unlock the lock box containing the lounge sale collections was kept in a mailbox in the Department's office and was accessible to all Department officers. As a result, Department officials have no assurance that all collections were deposited and properly accounted for.

Donations Were Unaccounted For

We reviewed all 14 donation receipts totaling \$615 that were issued during our audit period. We found that seven receipts totaling \$255 could not be traced to a corresponding bank deposit. The EMS Captain issued these receipts in August 2016. These donations were also recorded in the Department's notebook, which contained the names of individuals who were sent thank-you cards for making donations.

The Treasurer was unaware of this discrepancy because he did not compare the receipts issued with the corresponding donations remitted to him for deposit. In addition, when we notified the EMS Captain of this discrepancy, she told us that these collections were received in the form of cash (though the form of payment was not recorded on the receipts) and that she did not have an explanation for the discrepancy. As a result, \$255 in donations were unaccounted for.

Collections Were Used To Make Unaccounted For Purchases

Toy Drive Fundraisers – At the beginning of June 2016, a deposit for \$311 was made to open the toy drive checking account to be used to deposit collections received from future toy drive fundraisers. The Treasurer told us the opening deposit consisted of funds from the 2015 toy drive fundraiser. These funds remained because Department officials did not deposit the 2015 collections when they were received.⁶ Instead donations were used to purchase gifts that

⁶ Checks totaling \$855 were deposited in the Department's regular checking account in December 2015 and January 2016 and then subsequently cashed by the bank.

were given to local children. Department officials were unable to provide us with documentation for the amount of collections received or the purchases made. As a result, Department officials are unable to determine whether all funds from the 2015 toy drive fundraiser were deposited or that amounts collected were used for appropriate purposes.

During November and December 2016, the 1st Assistant Chief issued five manual receipts totaling \$629 for collections received for the 2016 toy drive fundraiser that should have been deposited in the toy drive checking account. However, these donations were not deposited. Similar to funds collected for the 2015 toy drive fundraiser, Department officials used the collections to purchase gifts that were given to local children, instead of depositing these funds in the toy drive checking account. Department officials provided us with receipts totaling \$628 for these purchases (included toys, clothing and candy) and the toy drive bank bag that contained the remaining \$1.

Lounge Sales – All lounge sales received during our audit period were not deposited. The EMS Captain told us that during 2016 she used the funds collected from lounge sales (instead of depositing them) and her own money (directly reimbursed from the lounge sales) to purchase items to be sold in the lounge.

The EMS Captain provided us with receipts totaling \$791 for purchases she made, which included snacks and non-alcoholic beverages purchased from April 12 through August 20, 2016. She told us that she did so because the recreation checking account, which the Department membership approved authorization for in January 2016⁷ to deposit lounge sales collections, was not opened until the beginning of June 2016.

As a result, the EMS Captain did not deposit lounge sales from January 27 through September 27, 2016 and the first deposit of lounge sale collections was made in September 2016. However, due to inadequate lounge sale documentation, Department officials were unable to determine whether cash collected was used to purchase items to sell or subsequently deposited.

The practice of not depositing collections and using them to make purchases resulted in unaccounted for Department revenues and expenditures.

⁷ At its January 26, 2016 meeting, the Department membership agreed to discontinue depositing lounge sale collections in the fire police checking account.

Collections Were Not Adequately Supported

Except for 21 manual receipts totaling \$1,274 issued by Department officials, documentation was not maintained to adequately support \$158,373 in collections deposited during our audit period. For example, Department officials did not use a Commission recommended “Control Report of Bell Jar Ticket Sales” form⁸ or any other method to document such sales. In addition, Department officials did not maintain any supporting documentation for concession sales, such as a daily sales report.

Furthermore, although several members sold and collected money for bingo cards at bingo events, Department officials did not use any forms to document accountability over the bingo cards issued and the corresponding collections received by each member. Instead, Department officials prepared a weekly bingo report at the end of each event (signed by the member in charge).

The bingo reports included the date, amount and form of collection received by game type, prizes by game type and the total gain or loss, which Department officials could use to determine whether the recorded bingo collections were deposited intact in a timely manner. However, these reports were not signed by two members to indicate the amounts collected were counted and that the report’s accuracy was verified by more than one member. As a result, Department officials cannot be certain that all bingo money collected is actually reported and deposited.

Because \$158,373 in collections deposited were not adequately supported, Department officials could not determine whether collections (except for bingo events) were deposited intact in a timely manner. When adequate documentation is not maintained to support all collections, there is at an increased risk that money collected could be lost or misappropriated.

Due to the lack of adequate supporting documentation for collections, we reviewed all deposits made during our audit period to determine whether deposits were made for all known revenue sources.

Bingo Events – We reviewed all 71 bingo events, with deposits totaling \$54,925 to determine whether a deposit was made in the bingo checking account for each event and the deposits agreed with the amount recorded on the weekly

⁸ These forms would include the name of the Department member selling the deal, date, starting game bank, name of the bell jar ticket deal, serial number, total prizes paid out, amount collected and ending game bank balance.

bingo reports. We found that Department officials made deposits for 70 bingo events. For the remaining event, officials recorded a \$20 loss on the bingo report, resulting in a deposit not being made. Except for minor discrepancies, which we discussed with Department officials, these deposits agreed with the bingo reports.

Bell Jar Ticket Sales – We reviewed all 59 bingo events (held from April 4, 2015 through June 25, 2016), during which the Department was licensed to sell bell jar tickets to determine whether a deposit was made in the bell jar checking account after each event. On 11 occasions Department officials did not make a deposit in the bell jar checking account within a few days after the event was held.

Department officials told us that for certain events the bell jar ticket sales did not generate a profit and as a result a deposit was not made. However, officials were unable to provide us with any supporting documentation to determine whether losses actually occurred.

Concession Sales and Foreign Fire Insurance – The Fire Police Captain told us that the Department operated two concession stands during bingo events and the amounts collected were deposited in the fire police checking account. We reviewed all 71 bingo events held during our audit period to determine whether a deposit was made in this account for each event. We found that deposits were made a few days after each event. We also determined that the two checks totaling \$22,903 the District issued to the Department for foreign fire insurance funds were deposited in the fire tax checking account.

Other Collections – Department officials deposit various amounts collected in the regular, rescue squad and Dragoon memorial checking accounts, such as donations, the annual golf tournament fundraiser and other miscellaneous income. We obtained bank compositions, consisting of copies of each check deposited and the detailed deposit slip, from the Department's bank for the 95 deposits totaling \$45,100 made into these three accounts during our audit period.

We reviewed the bank compositions and collection documentation, such as Department meeting minutes, monthly Treasurer's reports and the Department's donation notebook, to determine whether any recorded collections were not deposited. Except for the previously mentioned \$255 in donations, we did not identify any recorded collections that were not deposited into these accounts.

How Should the Department Approve and Make Disbursements?

Department bylaws require the Treasurer pay all Department bills within five days of membership-voted approval at a meeting and upon a voucher signed

by the Chief, President and Treasurer. The bylaws specify that the Committee may approve disbursements, other than those approved for payment by the membership, by a majority vote, if necessary.

Department officials should review and approve bills before payment to ensure that funds are used for legitimate Department expenses. The review and approval process helps provide assurance that the Department pays for goods or services that are supported by adequate documentation (e.g., original itemized receipts or invoices), payments are made for appropriate purposes and payments that use bingo and bell jar proceeds are for authorized purposes in accordance with the Regulations.

When payments are made without adequate supporting documentation, Department officials cannot be sure the payments are for appropriate and authorized purposes. The bylaws also require that all checks are signed by the Treasurer and countersigned by a Committee member. In addition, blank check stock should be properly safeguarded to prevent unauthorized payments and misuse of Department funds.

Disbursement Procedures Were Inadequate

Although the Department membership approved the payment of certain bills at the monthly meetings and documented approval in the minutes, Department officials were not provided with supporting documentation for these disbursements. Instead, bills were approved for payment based on verbal discussions at the meetings. Consequently, most bills were paid before the required approvals were received. In addition, the Chief, President and Treasurer did not sign any vouchers during our audit period, as required by the bylaws.

We found that the checks issued from the fire police checking account were not signed by the Treasurer and counter-signed by a Committee member as required by the bylaws. Instead, the Fire Police Captain, who maintained the blank check stock for this account, signed the checks issued, which were counter-signed by another fire police member.⁹

Although checks issued from the Department's other checking accounts were signed by the Treasurer and countersigned by a Committee member, the blank check stock for these accounts was not adequately safeguarded because it was

⁹ Checks issued from the fire police checking account during January through April 2016 were signed by two fire police members in the Fire Police Captain's absence.

kept in an unlocked filing cabinet in the Department office and was accessible to all Department officers. In addition, Department officials did not review the bank statements and canceled check images for the accounts managed by the Treasurer and Fire Police Captain. As a result, Department officials cannot be certain all checks issued were for appropriate Department purposes.

Disbursements Were Not Always Approved and Supported

We reviewed all 718 disbursements totaling \$121,922 (682 checks totaling \$120,165 and 36 direct withdrawals debits totaling \$1,757) made during our audit period to determine whether they were approved before payment in accordance with the bylaws, supported by adequate documentation and for appropriate Department purposes. We found that 499 disbursements (69 percent) totaling \$63,010 were not approved before payment and 156 disbursements (22 percent) totaling \$37,143 were not supported by adequate documentation.

Although copies of documentation was available for 123 of these disbursements totaling \$29,932, original supporting documentation was not retained. This occurred because the Treasurer usually mails the original supporting documentation to the vendor with the payment. Copies are less reliable than original documentation because there is a greater risk of alteration, which could be used to conceal inappropriate activity. The remaining 33 disbursement totaling \$7,211 were not supported by any receipts or invoices. However, we were able to obtain copies of invoices directly from the vendor for 12 of these disbursements totaling \$1,777 and found they were for appropriate Department purposes.

For the remaining 21 disbursements totaling \$5,434, we interviewed Department officials, reviewed the Department meeting minutes and the canceled check images to determine the purpose for each disbursement. We found that 15 of these disbursements totaling \$5,124 appeared to be for appropriate Department purposes and included payments for association dues, attendance at a fire police convention, greens fees for the 2015 golf tournament fundraiser and a Department pig roast. We discussed the remaining six disbursements (\$310) with Department officials and determined they were for donations to fire associations and another fire department.

Because Department officials did not review and approve or maintain adequate supporting documentation for all disbursements, Department officials cannot be certain that disbursements made are for appropriate Department purposes and all goods and services purchased are received.

Disbursements Were Not Always For Authorized Purposes

We reviewed all 347 bingo and bell jar checking account disbursements totaling \$48,987 during our audit period to determine whether disbursements made using bingo and bell jar proceeds were for authorized purposes in accordance with the Regulations. Except for one disbursement, which we discussed with Department officials, we found that the 47 bell jar disbursements totaling \$7,443 were for authorized purposes.

However, 57 of the 300 bingo disbursements (19 percent) totaling \$14,022 were made for unauthorized purposes. For example:

- Thirty disbursements totaling \$3,044 were for donations made to the Department's auxiliary and not authorized by the Regulations.
- Nineteen disbursements totaling \$5,560 were transfers to the Department's Dragoon memorial checking account. However, the Regulations prohibit Department officials from transferring funds from the bingo checking account to any other Department accounts.

These disbursements for unauthorized purposes occurred because the Treasurer was unaware of applicable bingo Regulations.

What Do We Recommend?

The Treasurer should:

1. Maintain accounting records for all Department financial transactions in accordance with the bylaws including records for the fire police checking account.
2. Prepare monthly bank reconciliations for all Department bank accounts and provide the reconciliations, bank statements and canceled check images to Department officials for review.
3. Prepare written monthly financial reports that include all money received and disbursed during the month and reconciled cash balances for each bank account and provide the reports to Department officials for review.
4. Issue receipts for any collections remitted for deposit in accordance with the bylaws.
5. Ensure he signs all Department checks and that all checks are countersigned by a Committee member, in accordance with the bylaws.

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6. Ensure blank check stock is physically secured and access is limited.

Department officials should:

7. Ensure that all required financial reports for bell jar operations are prepared and filed with the Commission in a timely manner in accordance with the Regulations.
8. Establish written policies and procedures to provide adequate guidance and improve internal controls over collections.
9. Ensure that duplicate press-numbered receipts are issued or other form of supporting documentation is maintained to account for all Department funds collected.
10. Ensure collections are physically secured before deposit and access to collections is limited.
11. Ensure that all collections are deposited and discontinue the practice using amounts collected to directly make purchases.
12. Review and approve all disbursements before payment in accordance with the bylaws.
13. Ensure that all disbursements are supported by adequate documentation and are for appropriate Department purposes.
14. Ensure that all bingo disbursements are for authorized purposes in accordance with the Regulations.

Appendix A: Response From Department Officials

Keeseville Volunteer Fire Department

8 Pleasant Street, Keeseville NY 12944

This will serve as our Departments response letter and Corrective Action Plan. Once notified that the Comptroller's office would be doing an audit, the Department officers agreed that this would be good for the department. The audit would point out deficiencies in the department bookkeeping, and we would be able to take corrective actions.

In regards to the key findings of the audit we do not dispute the auditor's findings that some deposits were not supported by adequate documentation. We believed that bank deposit slips, game off chance reports and monthly reports were adequate. We now know they were not and will assure documentation meets the standard desired by the Comptroller's Office. All monies received by the department were recorded in reports and documented in the monthly report. We now recognize this was not sufficient and will take corrective action. Department officials did not review monthly bank statements and canceled checks, because we were unaware that was a requirement. Monthly bank statements and monthly reports were provided to the Board of Fire Commissioners and were always available to anyone that requested to see them. Some disbursements were made prior to approval of the body, but these were for regular monthly occurrences like cleaning the bingo hall or replenishing lounge refreshment supplies. All disbursements were read to the body in monthly reports.

In closing we thank the Comptroller's office for auditing the department financial operations and we will address all the findings in the report to assure that the Comptrollers standards are met. As the audit progressed we started to address the deficiencies that were identified and now that the report is being finalized we will assure that all the recommendations are addressed.

Signed:

Treasurer _____ *Chief* _____ *Pres* _____
Name Gary Friedrich - Treasurer Michael Stranahan - Chief Daniel Costin - President
[Title]

8/29/17
Date

Keeseville Volunteer Fire Department

8 Pleasant Street, Keeseville NY 12944

Unit Name: Keeseville Volunteer Fire Department

Audit Report Title: Keeseville Volunteer Fire Department Financial Operations

Audit Report Number: 2017M-100

- **Audit Recommendation:** Prepare monthly bank reconciliations for all Department bank accounts and provide reconciliations, bank statements and canceled check images to Department officials for review.
- **Implementation Plan of Action(s):** During the audit the auditor identified the preferred way to do bank reconciliations. The treasurer will now use the reconciliation process provided on the back of the bank statement and include canceled check images with his monthly report. This reconciliation will be reviewed by the Executive Board and signed by the treasurer and another department official.
- **Implementation Date:** This practice is currently in place and being performed.
- **Person Responsible for Implementation:** Treasurer.

Signed:

Michael Stranahan - Chief *Gary Friedrich* - Treasurer *Daniel Costin* - President

Name Michael Stranahan - Chief Gary Friedrich - Treasurer Daniel Costin - President
[Title]

8/29/17

Date

Keeseville Volunteer Fire Department

8 Pleasant Street, Keeseville NY 12944

Unit Name: Keeseville Volunteer Fire Department

Audit Report Title: Keeseville Volunteer Fire Department Financial Operations

Audit Report Number: 2017M-100

- **Audit Recommendation:** Prepare written monthly financial reports that include all money received and disbursed and reconciled cash balances for each bank account and provide the reports to department officials for review.
- **Implementation Plan of Action(s):** As identified during the audit process the treasurer will prepare a monthly report to a standard expected by the Comptroller's office and these will be reviewed by Department officials.
- **Implementation Date:** This will be implemented by September 30, 2017.
- **Person Responsible for Implementation:** Treasurer.

Signed:

Michael Stranahan *Gary Friedrich* *Daniel Costin*

Name *- Chief* *Treasurer* *Pres*
[Title] Michael Stranahan - Chief Gary Friedrich - Treasurer Daniel Costin - President

8/29/17

Date

Keeseville Volunteer Fire Department

8 Pleasant Street, Keeseville NY 12944

Unit Name: Keeseville Volunteer Fire Department

Audit Report Title: Keeseville Volunteer Fire Department Financial Operations

Audit Report Number: 2017M-100

- **Audit Recommendation:** Issue receipts for any collections remitted for deposit in accordance with the bylaws.
- **Implementation Plan of Action(s):** Individual receipt books for each account and all incoming funds will have a receipt issued in duplicate for that receipt.
- **Implementation Date:** This practice was already implemented.
- **Person Responsible for Implementation:** Treasurer.

Signed:

Name Michael Stranahan - Chief / Gary Friedrich - Treasurer Daniel Costin - President
[Title] _____

8/29/17

Date

Keeseville Volunteer Fire Department

8 Pleasant Street, Keeseville NY 12944

Unit Name: Keeseville Volunteer Fire Department

Audit Report Title: Keeseville Volunteer Fire Department Financial Operations

Audit Report Number: 2017M-100

- **Audit Recommendation:** Ensure treasurer signs all Department checks and that all checks are counter-signed by a Committee member, in accordance with the bylaws.
- **Implementation Plan of Action(s):** All checks have always required two signatures, however we did not require the treasurer to be one, in case he was unavailable. The treasurer is now required to be one of the signatures along with one of two Executive Committee members. When the current supply of checks, with only one signature line are exhausted they will be replaced with checks that have two signature lines. In the interim two signatures are required on the single line checks.
- **Implementation Date:** This practice was already implemented.
- **Person Responsible for Implementation:** Treasurer.

Signed:

Michael Stranahan *-Chief* *Gary Friedrich* *Treasurer* *Daniel Costin* *Pres*
Name Michael Stranahan - Chief Gary Friedrich - Treasurer Daniel Costin - President
[Title]

Date

8/29/17

Keeseville Volunteer Fire Department

8 Pleasant Street, Keeseville NY 12944

Unit Name: Keeseville Volunteer Fire Department

Audit Report Title: Keeseville Volunteer Fire Department Financial Operations

Audit Report Number: 2017M-100

- **Audit Recommendation:** Ensure that all bingo disbursements are for authorized purposes in accordance with Regulations.
- **Implementation Plan of Action(s):** After it was brought to our attention that some of the disbursements were not authorized, percentage of profits to Keeseville Auxiliary and Dragoon Rescue Fund, these disbursements were ceased and will not continue.
- **Implementation Date:** This practice was already implemented.
- **Person Responsible for Implementation:** Treasurer and Bingo Chairperson

Signed:

 *Chief*
Name Michael Stranahan - Chief
[Title] Gary Friedrich - Treasurer *Treasurer* Daniel Costin - President *Pres*


Date

Keeseville Volunteer Fire Department

8 Pleasant Street, Keeseville NY 12944

Unit Name: Keeseville Volunteer Fire Department

Audit Report Title: Keeseville Volunteer Fire Department Financial Operations

Audit Report Number: 2017M-100

- **Audit Recommendation:** Ensure that all required financial reports for bell jar are prepared and filed with the Commission in a timely manner in accordance with regulations.
- **Implementation Plan of Action(s):** All outstanding reports will be completed and filed with the commission with the recommended reports from the Comptroller
- **Implementation Date:** This practice will be implemented by December 31, 2017.
- **Person Responsible for Implementation:** Bell Jar committee chairperson

Signed:

Name Michael Stranahan - Chief Gary Friedrich - Treasurer Daniel Costin - President
[Title] *Chief* *Treasurer* *Pres*

Date 8/29/17

Keeseville Volunteer Fire Department

8 Pleasant Street, Keeseville NY 12944

Unit Name: Keeseville Volunteer Fire Department
Audit Report Title: Keeseville Volunteer Fire Department Financial Operations
Audit Report Number: 2017M-100

- **Audit Recommendation:** Establish written policies and procedures to provide adequate guidance and improve internal controls over collections.
- **Implementation Plan of Action(s):** An “Internal Audit Policy” was already written on January 31, 2017. The Department is awaiting approval from the Board of Fire Commissioners, that document is attached. This will be reviewed to assure it addresses all issues identified in the audit report.
- **Implementation Date:** This practice will be implemented by December 31, 2017.
- **Person Responsible for Implementation:** Executive Committee.

Signed:

Name Michael Stranahan - Chief Gary Friedrich - Treasurer Daniel Costin - President
[Title] *-chief* *Treasurer* *Prs*

Date *8/29/17*

Keeseville Volunteer Fire Department

8 Pleasant Street, Keeseville NY 12944

Unit Name: Keeseville Volunteer Fire Department

Audit Report Title: Keeseville Volunteer Fire Department Financial Operations

Audit Report Number: 2017M-100

- **Audit Recommendation:** Ensure that duplicate press-numbered receipts are issued or other form of a supporting documentation is maintained to account for all Department funds collected.
- **Implementation Plan of Action(s):** Individual receipt books for each account and all incoming funds will have a receipt issued in duplicate for that receipt.
- **Implementation Date:** This practice was already implemented.
- **Person Responsible for Implementation:** Treasurer

Signed:

Michael Stranahan - Chief *Gary Friedrich - Treasurer* *Daniel Costin - President*

Name [Title] Michael Stranahan - Chief Gary Friedrich - Treasurer Daniel Costin - President

8/29/17

Date

Keeseville Volunteer Fire Department

8 Pleasant Street, Keeseville NY 12944

Unit Name: Keeseville Volunteer Fire Department

Audit Report Title: Keeseville Volunteer Fire Department Financial Operations

Audit Report Number: 2017M-100

- **Audit Recommendation:** Ensure all collections are deposited and discontinue the practice using amounts collected to directly make purchases.
- **Implementation Plan of Action(s):** This practice is no longer acceptable. All collections must be receipted and deposited.
- **Implementation Date:** This practice was already implemented.
- **Person Responsible for Implementation:** Treasurer

Signed: *af*

Chief *Treasurer* *Pres*
Name Michael Stranahan - Chief Gary Friedrich - Treasurer Daniel Costin - President
[Title]

8/29/17
Date

Keeseville Volunteer Fire Department

8 Pleasant Street, Keeseville NY 12944

Unit Name: Keeseville Volunteer Fire Department

Audit Report Title: Keeseville Volunteer Fire Department Financial Operations

Audit Report Number: 2017M-100

- **Audit Recommendation:** Review and approve all disbursements before payment in accordance with the bylaws.
- **Implementation Plan of Action(s):** All disbursements will be approved in accordance with the bylaws. Bylaws will be amended to allow for the payment of certain reoccurring monthly bills.
- **Implementation Date:** This practice will be implemented by January 1, 2018.
- **Person Responsible for Implementation:** Treasurer

Signed: . . .

Chief
Name Michael Stranahan - Chief Gary Friedrich - Treasurer Daniel Costin - President *Pres*
[Title]

8/29/17
Date

Keeseville Volunteer Fire Department

Internal Audit Policy

Reviewed: 01/31/2017

The Keeseville Volunteer Fire Department has established an internal audit policy for the Executive Board and Department Treasurer to comply with to ensure that Department funds are properly accounted for, documented, spent and invested.

The Department Treasurer will perform the following tasks to comply with the internal audit policy:

1. Account for all Department funds in a detailed monthly report to be presented to the department body at the monthly meeting.
2. Maintain checkbooks in appropriate accepted standards.
3. Invest Department funds only with the approval of the Department body.
4. Pay Department obligations as per resolution adopted at each yearly Organizational Meeting.
5. Attend all meetings of the Departments Executive Board, Department Monthly meeting, or special meetings.
6. Prepare necessary abstracts each month to document bills to be paid, already paid, for the entire body to approve.
7. Prepare bills, invoices, etc. as per Department policy to be placed on the monthly abstract for payment.
8. Be available to work with auditors when they are conducting any financial audits.
9. A second signature is required on all checks.
10. Open all bank account statements and review all cancelled checks and statement balances.
11. The Department Treasurer is to be bonded.

The Department Body will perform the following tasks to comply with the internal audit policy:

1. Review the monthly Treasurers report and take appropriate action at their monthly meeting.
2. Review abstracts presented for payment at each monthly meeting and take appropriate action on it.
3. Conduct a yearly review and update as necessary the purchasing policy and internal audit policy.

Appendix B: Audit Methodology and Standards

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. To achieve the audit objective and obtain valid audit evidence, we performed the following audit procedures:

- We interviewed Department officials and reviewed the Department's bylaws, Department meeting minutes and various financial records and reports to gain an understanding of the Department's procedures related to the collection, recording, depositing, disbursing, reconciling and reporting of financial transactions and any associated effects of deficiencies in those procedures.
- We assessed the adequacy of Department accounting records.
- We determined whether monthly bank reconciliations were prepared and if the bank reconciliations were reviewed by someone independent of the individual preparing them, including the corresponding bank statements.
- We selected a random sample of three months during our audit period (October 2015 and February and November 2016) and prepared bank reconciliations at month-end for all active Department checking accounts for these months to determine whether the adjusted bank balance agreed with the corresponding checkbook register balance at month-end.
- We determined whether the Treasurer prepared and provided Department officials with a monthly financial report as required by the bylaws and assessed the adequacy of monthly financial reports that were prepared.
- We determined whether the Department filed all required financial reports of bingo and bell jar operations with the Commission during our audit period in accordance with the Regulations.
- We reviewed all recorded collections and deposits made into the Department's checking accounts during our audit period to determine whether collections were supported by adequate documentation, deposited intact and deposited in a timely manner in accordance with the Regulations and the Department's bylaws.
- We obtained bank compositions for all deposits made into the regular, rescue squad and Dragoon memorial checking accounts during our audit period.
- We determined whether a corresponding deposit was made for all known revenue sources during our audit period.
- We reviewed all disbursements made during our audit period to determine whether they were approved before payment in accordance with the bylaws, supported by adequate documentation and for appropriate Department purposes.
- We reviewed all bingo and bell jar checking account disbursements during our audit period to determine whether disbursements made using bingo and bell jar proceeds were for authorized purposes in accordance with the Regulations.

We conducted this performance audit in accordance with GAGAS, 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 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 size of the relevant population and the sample selected for examination.

Department officials have the responsibility to initiate corrective action. We encourage Department officials to prepare a plan of action that addresses the recommendations in this report and forward the plan to our office within 90 days.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/localgov/costsavings/index.htm

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/localgov/planbudget/index.htm

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/localgov/finreporting/index.htm

Research Reports / Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/localgov/researchpubs/index.htm

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/localgov/academy/index.htm

Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.state.ny.us

www.osc.state.ny.us/localgov

Local Government and School Accountability Help Line: (866) 321-8503

GLENS FALLS REGIONAL OFFICE – Jeffrey P. Leonard, Chief Examiner

One Broad Street Plaza, Glens Falls, NY 12801-4396

Tel: (518) 793-0057 • Fax: (518) 793-5797 • Email: Muni-GlensFalls@osc.state.ny.us

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