



Crown Point Fire District

Board Oversight

2024M-29 | May 2024

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Report Highlights

Crown Point Fire District

Audit Objective

Determine whether the Crown Point Fire District (District) Board of Fire Commissioners (Board) adequately oversaw the District's financial operations.

Key Findings

The Board did not adequately oversee the District's financial operations. As a result, the Board cannot assure taxpayers and other interested parties that the District's financial operations are adequately accounted for and reported.

- For the 24 months reviewed, the Board did not receive Treasurer's reports of collection and disbursement details for three months; cash balances for two months; and bank reconciliations, bank statements and cancelled check images for 19 months. As a result, the Board's ability to assess and monitor the District's financial activity was diminished.
- As of December 31, 2023, required annual audits for 2017 through 2022 were not conducted. As a result, there is no independent verification that the Secretary-Treasurer has properly recorded collections and disbursements and maintained current and accurate records and reports.
- Required annual financial reports (AFRs) for 2018 through 2022 were not filed. When AFRs are not filed in a timely manner, it results in diminished transparency to the Board, taxpayers, Office of the State Comptroller (OSC) and other interested parties.

Key Recommendations

- Ensure the Board receives complete financial reports and records.
- Ensure an annual audit is performed and the required AFRs are properly filed.

District officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate corrective action.

Audit Period

January 1, 2022 through December 31, 2023.

We extended our audit period back to January 2017 to review the timeliness of required annual audits and AFR submissions for the fiscal years 2016 through 2022.

Background

The District serves residents in the Town of Crown Point in Essex County. The elected five-member Board governs the District and is responsible for its overall financial management.

The Board-appointed Secretary-Treasurer is the chief fiscal officer and is responsible for receiving, distributing, and accounting for District funds, maintaining accounting records and preparing periodic financial reports.

Quick Facts

2023 Budget \$313,824

AFRs as of December 31, 2023

Fiscal Year	Days Late
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2018	1,766
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2019	1,401
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2020	1,035
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2021	670
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2022	305
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Required Annual Audits

2016	Conducted
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2017-2022	Not Conducted
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Board Oversight

How Does a Fire District Board Adequately Oversee Fire District Financial Activities?

A fire district board (board) is responsible for managing and overseeing a fire district's financial activities. To fulfill this duty, it is essential that the board periodically receive and review financial reports from the fire district's treasurer detailing collections and disbursements activity and account balances, and budget-to-actual comparisons of revenues and expenditures. The treasurer should also provide, and the board should review, monthly bank reconciliations, bank statements and cancelled checks or images of the cancelled checks.

A fire district treasurer is required by Town Law 177, at the annual organizational meeting, to account to the board for all money received and disbursed during the preceding fiscal year, file a detailed statement in writing of the receipts and disbursements of the preceding year, and produce all books, records, receipts, orders, vouchers and cancelled checks (or check images). As part of its oversight responsibilities, and in the absence of an external audit, the board should provide for an annual audit of the treasurer and any other officers and employees who handle money as part of their fire district duties.

A fire district treasurer is required to file the AFR within 60 days after the close of the fire district's fiscal year by General Municipal Law (GML) Section 30. The board should ensure the AFR is completed and filed by the treasurer. The AFR reports a fire district's financial position and results of operations and is an important fiscal tool to help a board monitor fire district operations and provides district taxpayers and stakeholders with a transparency tool to monitor and evaluate financial operations.

The Board Did Not Ensure Adequate Reports Were Received, and Required Annual Audits and AFRs Were Completed and Filed in a Timely Manner

The Board did not provide sufficient oversight to ensure the Secretary-Treasurer provided sufficient monthly reports, ensure required annual audits were performed and AFR's were completed and filed with OSC in accordance with GML.

Treasurer's Reports – The Secretary-Treasurer provided the Board with monthly financial reports including collections and disbursements detail, cash on hand and budget-to-actual (revenues and expenditures) balances and the Board meeting minutes reflected their acceptance of these reports. However, of the 24 months we reviewed, the Secretary-Treasurer failed to provide:

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- Reports of budget-to-actual revenue and expenditure comparisons for three months,
 - Cash balances for two months, and
 - Bank reconciliations, bank statements and cancelled check images for 19 of the 24 months.

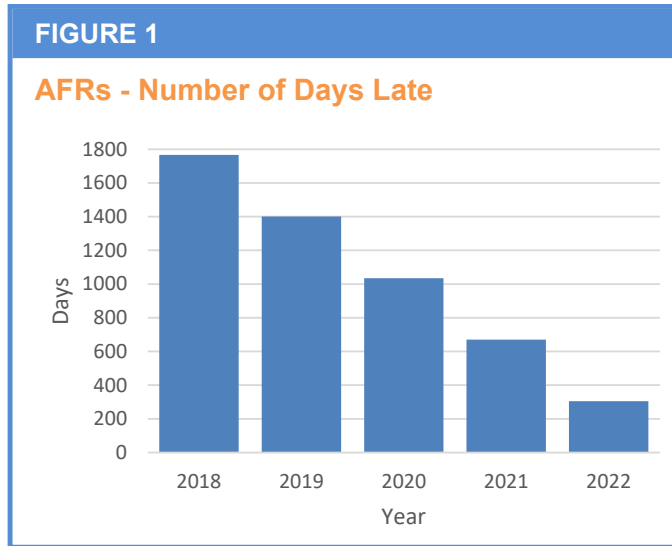
The Board's ability to assess and monitor the District's financial activity was diminished due to it not ensuring it was provided consistent and adequate monthly financial reports.

Annual Audit – The Chair of the Board and Secretary-Treasurer stated that the last financial statement audit of the District's financial records was performed by a Certified Public Accountant (CPA) for the 2016 fiscal year. They said there were no additional external audits performed since 2016 because although the CPA took possession of the 2017 records, he did not perform an audit or return the records upon the District's request. While the Board's explanation is related to why an independent audit was not completed for 2017, there was no explanation for why the Board did not seek another independent auditor to perform the annual audits or why the Board itself has not performed a thorough annual review of the Secretary-Treasurer's records since 2017.

When an annual audit is not performed, there is no independent verification that the Secretary-Treasurer has properly recorded collections and disbursements, and maintained current and accurate records and reports. As a result, the Board's ability to assess financial operations is diminished.

AFR – The Board did not ensure that the Secretary-Treasurer prepared and filed the District's AFRs. The AFR for the 2017 fiscal year was 88 days late and the AFRs for the 2018 through 2022 fiscal years were not filed, making the submissions between 305 to 1,766 days late as of December 31, 2023. The Chairman of the Board told us the Board's understanding was that these AFRs had been filed in a timely manner because of the verbal assertion of the Secretary-Treasurer, and the Board was not made aware of email correspondence to the Secretary-Treasurer from OSC that the AFRs were delinquent.

When AFRs are not filed in a timely manner, transparency to the Board, taxpayers, OSC and other interested parties is diminished and they are denied the ability to assess the District's financial standing.



What Do We Recommend?

The Board should:

1. Ensure Treasurer's monthly reports include up-to-date collection and disbursement details, along with budget to actual revenue and expenditure comparisons; cash balances; and bank reconciliations with bank statements and cancelled checks.
2. Ensure an annual external audit or a Board audit of the Secretary-Treasurer's records, is performed annually.
3. Ensure the Secretary-Treasurer prepares and files the District's delinquent AFRs for the 2018 through 2022 fiscal years and files all subsequent AFRs with OSC within 60 days of the close of the fiscal year.

Appendix A: Response From District Officials

Crown Point Fire District
PO Box 194
2764 Main Street
Crown Point NY 12928
518-597-3211

Office of the New York State Comptroller
Glens Falls Regional Office
One Broad Street Plaza
Glens Falls, NY 12801-4396

May 14, 2024

Audit Response and Corrective Action Plan

Greetings,

Please accept this letter as both The Board's Audit Response and Corrective Action Plan.

After review of your report #2024M-29, The members of this Board are in general agreement with your findings. The Board placed too much reliance on the word of the former Treasurer when asked if the necessary reports and filings had been completed. In addition, The Board failed to retain an auditing firm to conduct an annual audit after its former auditor retired, nor did they implement a plan for internal audits. It was only after the former Treasurer resigned and a new Treasurer was appointed to finish the term that the board was made aware of the delinquencies in its reporting. The Board has taken several steps to improve both the accuracy and timeliness of reports, both to the Board itself and to the OSC, which are detailed in our Corrective Action Plan below. In conclusion, the Board is grateful to the OSC and its staff for the assistance and guidance offered to get us on track for the future.

Corrective Action Plan

**Crown Point Fire District
Board Oversight
Report # 2024M-29**

Treasurer's Reports Recommendation: Ensure Treasurer's monthly reports include up-to-date collection and disbursement details, along with budget to actual revenue and expenditure comparisons; cash balances; and bank reconciliations with bank statements and cancelled checks.

Each Board member is provided a Treasurer's Report containing cash balances, Budget vs. Actuals, a detailed bank reconciliation for every account, and statements and check images for the month preceding every meeting. The current Treasurer began utilizing [REDACTED] shortly after assuming office to ensure accurate and properly formatted reports.

Annual Audit Recommendations: Ensure an annual external audit or a Board audit of the Secretary-Treasurer's records, is performed annually.

The Board has retained the auditing firm of [REDACTED] to perform annual audits. They will begin their audit of our 2023 fiscal year in June of this year. In addition, The Board has appointed an internal audit committee to perform audits on a semi-annual basis.

AFR Recommendations: Ensure the Secretary-Treasurer prepares and files the District's delinquent AFRs for the 2018 through 2022 fiscal years and files all subsequent AFRs with OSC within 60 days of the close of the fiscal year.

The auditing firm of [REDACTED] will also begin completing delinquent AFRs for the years 2020-2023. The Board felt that due to the expense and amount of time elapsed, it would leave the 2018 and 2019 reports as Not Filed. The OSC has made the 2020 report available as a starting point. Our Treasurer is in the process of forwarding the needed information to the auditing firm. Going forward, the Treasurer and The Board will ensure the AFRs are filed within the required 60-day time frame.

In conclusion, This Board is committed to exercising the oversight necessary to monitor The District's financials, which admittedly has been lacking in the past.

Respectfully submitted.

Joseph Norton, Chair
Crown Point Fire District

May 14, 2024

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. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed District officials and reviewed Board meeting minutes, Treasurer's reports, and correspondence to gain an understanding of the District's internal controls, to determine what financial reports the Board receives and determine if annual audits of the District's accounting records were conducted.
- We examined the Secretary-Treasurer's 2022 and 2023 accounting records, bank statements and reconciliations, claims packets, bank account deposit support and Treasurer's reports to determine whether the accounting records were complete and accurate.
- We reviewed AFR filings to determine whether the Secretary-Treasurer had submitted AFRs to our office within 60 days of the close of its fiscal year.

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

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

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. We encourage the Board to make the CAP available for public review.

Appendix C: Resources and Services

Regional Office Directory

www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/fiscal-monitoring

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/resources/planning-resources

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

www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf

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

www.osc.ny.gov/local-government/required-reporting

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/academy

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.ny.gov

<https://www.osc.ny.gov/local-government>

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

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