



# Neptune Hose Company No. 1 of Dryden, Inc.

---

Disbursements

2024M-5 | May 2024

# Contents

---

- Report Highlights . . . . . 1**
  
- Disbursements . . . . . 2**
  - How Can Officials Ensure Disbursements Are Properly Authorized and Supported? . . . . . 2
  - Disbursements Were Not Always Authorized or Supported . . . . . 2
  - What Do We Recommend? . . . . . 4
  
- Appendix A – Response From Company Officials . . . . . 5**
  
- Appendix B – Audit Methodology and Standards . . . . . 8**
  
- Appendix C – Resources and Services . . . . . 10**

# Report Highlights

Neptune Hose Company No. 1 of Dryden, Inc.

## Audit Objective

Determine whether the Neptune Hose Company No. 1 of Dryden, Inc. (Company) disbursements were supported and properly authorized.

## Key Findings

Company disbursements were not always supported or authorized prior to payment. We reviewed 171 disbursements totaling \$381,186 and determined that 34 (20 percent) totaling \$30,126 were not processed in accordance with the Company's accounting manual. These disbursements had one or more issues, such as improperly authorized purchase orders or were unsupported.

- Twenty-three disbursements totaling \$24,875 were improperly authorized. Ten disbursements totaling \$18,974 were approved after payment was made, six disbursements totaling \$4,530 lacked a payment authorization date, and seven disbursements totaling \$1,371 were not adequately supported.
- Sixteen disbursements totaling \$6,564 lacked adequate support such as itemized receipts or invoices.
- Five Company members received unsupported mileage reimbursements totaling \$2,573.

Because disbursements were not always authorized or supported, officials approved payments without having sufficient documentation to support the expenses were appropriate and increased the risk for inaccurate or improper transactions.

## Key Recommendations

- Adhere to the Company's accounting manual.
- Ensure all disbursements are adequately supported before they are paid.

Company officials agreed with our recommendations and indicated they have begun to initiate corrective action.

## Audit Period

January 1, 2022 – September 30, 2023

## Background

The Company is a not-for-profit organization incorporated in 1938 that provides fire protection services in the Village of Dryden (Village) and Town of Dryden (Town) in Tompkins County. The Company provides fire protection services through annual contracts.

The Company comprises volunteer members (membership) and is governed by its bylaws and an eight-member Board of Directors (Board).

The Board is responsible for managing and overseeing the Company's financial activities. The Chairman is the head of the Board and is responsible for calling all Company meetings. The Chief has control of the Company's firefighting operations and is responsible to the Board for its proper management and the authorization of Company disbursements. The Treasurer is responsible for paying bills upon receiving properly authorized purchase orders.

### Quick Facts

Total Audit Period Disbursements	\$728,818
Number of Disbursement Checks Issued	568
2023 Active Members	66

# Disbursements

---

Dryden Fire Department is made up of two corporations: the Company and Dryden Ambulance, Incorporated (ambulance corporation). The two corporations share one facility, the same bylaws and operate with oversight from the same Board. The two corporations maintain separate financial records and funds.

## How Can Officials Ensure Disbursements Are Properly Authorized and Supported?

To ensure disbursements are authorized and supported, a fire company board and officials must establish policies and procedures communicating expectations and requirements. Authorized and supported disbursements include itemized documentation to support the purchase was proper and approved by the appropriate officials prior to payment.

Officials should ensure adherence to the Company's accounting manual, which designates the roles and procedures to follow for disbursements. Specifically, the Chief or their designee authorizes the purchase and payment of goods or services. The bookkeeper is responsible for entering invoices into the accounting system and preparing and printing checks. The Treasurer's responsibilities include signing checks, supervising the bookkeeper and assisting in all financial dealings.

## Disbursements Were Not Always Authorized or Supported

We reviewed 171 disbursements totaling \$381,186 and determined they were not always authorized prior to payment or supported. Of the 171 disbursements reviewed, 34 totaling \$30,126 had one or more issues, such as improperly authorized purchase orders or were unsupported.

Improperly Authorized Disbursements – We determined 23 disbursements totaling \$24,875 were approved after payment was made, did not include authorization dates or lacked a purchase order.<sup>1</sup> Specifically:

- Ten disbursements totaling \$18,974 were approved after payment was already made. The Chief told us he authorized disbursements after check dates to prevent late payment fees, and the check date was incorrectly written on one check totaling \$4,388.
- Six disbursements totaling \$4,530 lacked a date for authorization to determine whether these disbursements occurred before or after the payments were authorized. The Chief told us the high volume of purchase

---

<sup>1</sup> A purchase order is a legal document used by a buyer and sent to a supplier for an order. A purchase order specifies items, quantities, prices and credit terms for a purchase from the vendor. A purchase order becomes a legally binding contract when a vendor accepts the purchase order.

---

orders he needed to sign and date resulted in some missing the date of authorization. However, care should be taken to document the date of approval.

- Seven disbursements totaling \$1,371 did not include a purchase order with the supporting documentation. The former bookkeeper told us she prepared the checks for payment prior to the Chief reviewing them to avoid a late fee. However, checks should not be prepared prior to review and approval.

When a disbursement is paid in advance of its approval, there is an increased risk that inaccurate or improper payments could be made.

Unsupported Disbursements – Sixteen disbursements totaling \$6,564 lacked adequate support such as itemized receipts or invoices. Therefore, officials approved payment without having sufficient documentation to support the expenses were appropriate. Based on discussions with the Chairman and by reviewing other documentation, we determined that these disbursements were proper Company expenses. Several items that lacked support were shared expenses with the ambulance corporation. For example, four joint disbursements, including bookkeeping services, information technology services, post covers and training totaling \$3,054 were unsupported. The Chairman told us that items initially paid by the ambulance corporation had purchase orders filled out by the Ambulance Director, as his full-time position permitted for processing this kind of paperwork. However, a receipt or invoice that detailed the disbursement was not attached to Company purchase orders. Instead, receipts and invoices were kept with ambulance records, which was not in accordance with the Company's accounting manual.

Furthermore, five Company members received unsupported mileage reimbursements for fire call responses totaling \$2,573 in 2022. The Company modified reimbursement documentation requirements in 2023 to require activity logs from members claiming reimbursement when the current Chief assumed his position. He told us he was aware the Company needed to improve documentation requirements and implemented logs which would be used for future mileage reimbursements. As a result, four mileage reimbursements totaling \$900 were adequately supported in 2023.

When disbursements lack support, officials are unable to ensure the payments are for valid purposes.

---

## **What Do We Recommend?**

The Board should:

1. Enforce support requirements established in the accounting manual.

The Chief should:

2. Approve and document the date of the authorization of all disbursements prior to payment.
3. Ensure itemized receipts, invoices and purchase orders are provided to the bookkeeper in advance of disbursement.

The Treasurer should:

4. Ensure itemized receipts, invoices and purchase orders are present in advance of signing checks.

# Appendix A: Response From Company Officials

---



## *Dryden Fire Department*

Neptune Hose Company No. 1 of Dryden, Inc.

Dryden Ambulance, Inc.

P.O. Box 397 • 26 North Street

Dryden, New York 13053-0397

(607) 844-8124 • Fax: (607) 844-3249

E-Mail - DFD@dryden.org



May 1, 2024

Ms. Ann Singer – Chief Examiner  
Office of NYS Comptroller  
Division of Local Government and School Accountability  
44 Hawley Street  
Binghamton, NY 13901

Re: Neptune Hose Company #1 of Dryden Inc – Audit

Neptune Hose Company No. 1 of Dryden Inc. acknowledges and concurs with the auditor's findings for the audit period January 2022 to September 2023.

It is clear to the current management team and auditors review that the accounting principles and payment processes of Neptune Hose Company are sound if personnel adhere to the accounting manual. We therefore agree with the auditor's recommendations to follow and adhere to the principles and processes laid out in the company accounting manual.

We would like to note that an internal review of issues raised by the auditors was also conducted. Members of the management team were able to identify each individual responsible for the required documentation and processing errors that occurred during the audit period. Armed with this information the management team was able to provide a more focused as well as general corrective action plan.

In closing, the management team and I would like to thank the auditors for their professional and courteous approach to audit of Neptune Hose Company. The key findings and recommendations identified by the auditors will only help to keep the company strong. Please find the corrective action plan attached.

Sincerely,

Daniel Tier III  
President  
Neptune Hose Co. No.1 of Dryden, Inc.  
[President@dryden.org](mailto:President@dryden.org)

---

## **Corrective Action Plan**

### **Accounting Manual Enforcement**

- All personnel authorized to make purchases/acquisitions or have signatory authorization shall read and sign off on the company accounting manual.
- All members of the Board of Directors shall read and sign off on the company accounting manual.
- Personnel having signatory authority for payments shall review all supporting documentation as outlined in the accounting manual prior to authorizing payment.

### **Documentation**

- All purchases, acquisitions, disbursements will be accompanied by documentation including but not limited to: receipts, invoices, purchase orders etc... prior to payment authorization.
- All documentation will be dated and provided in advance of disbursement.
- All credit card purchases will require the same receipts, invoices, and purchase orders as all other payments. In the event a purchase is made close to the closing date of the credit card cycle and to avoid a late payment penalty, the order confirmation date and receipt can be used as documentation for payment authorization with the receiving invoice and billing receipt added to the documentation once received.

### **Actions Completed and Additional Action**

- Most issues identified have been correct by the installation of new elected personnel since the audit period identified, specifically: President, Chairman of the Board, Treasurer and Fire Chief.
- The Fire Chief has instituted new documentation for certain internal disbursements.



- 
- Further reminders and review will be conducted at a company Board of Directors meeting held on May 1 and is recorded in the meeting minutes.
  - An official e-mail will be sent to all personnel with responsibility for acquisition or purchasing of goods and services reminding them of the requirements along with a copy of the company purchasing and accounting manual.

## 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 Board members and reviewed Company bylaws, the accounting manual, Board and member meeting minutes, and policies and procedures to gain an understanding of the Company's disbursement process.
- We used our professional judgment to select a sample of four months of the 21 months (19 percent) of disbursement activity in the audit period for the Company checking account. We included the two months with the largest dollar amount of disbursements in each fiscal year for our testing. We reviewed 100 disbursements totaling \$336,848 to determine whether they were approved before payment and properly supported.
- We reviewed all 22 credit card disbursements totaling \$14,449 and relevant support to determine whether disbursements were authorized and supported.
- We used our professional judgment to select a sample of two months of the 21 months (10 percent) of disbursement activity in the audit period for the foreign fire insurance bank account. We included the month with the largest dollar amount of disbursements in each fiscal year for our testing. We reviewed six disbursements totaling \$14,235 to determine whether they were approved before payment and properly supported.
- We used our professional judgment to select a sample of three months of the 21 months (14 percent) of disbursement activity in the audit period for utility vendors. We selected months based on amounts atypical to normal recurring disbursements paid to utility vendors. We reviewed 15 disbursements totaling \$6,712 to determine whether they were approved before payment and properly supported.
- We reviewed all 28 disbursements totaling \$8,942 made to Board and Company members to determine whether disbursements were authorized and supported.

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. We encourage the Board to prepare a written corrective action plan (CAP) that addresses the recommendations in this report and forward it to our office within 90 days. 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](http://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](http://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](http://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](http://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](http://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](http://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](http://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](http://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](http://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](mailto:localgov@osc.ny.gov)

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

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

**BINGHAMTON REGIONAL OFFICE** – Ann C. Singer, Chief of Municipal Audits

State Office Building, Suite 1702 • 44 Hawley Street • Binghamton, New York 13901-4417

Tel (607) 721-8306 • Fax (607) 721-8313 • Email: [Muni-Binghamton@osc.ny.gov](mailto:Muni-Binghamton@osc.ny.gov)

Serving: Broome, Chemung, Chenango, Cortland, Delaware, Otsego, Schoharie, Tioga, Tompkins counties

[osc.ny.gov](https://www.osc.ny.gov)

