



STATE OF NEW YORK

THOMAS P. DiNAPOLI
COMPTROLLER

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

November 2016

Frank Rudilosso, Chairman
Members of the Board of Fire Commissioners
Centereach Fire District
9 South Washington Avenue
Centereach, NY 11720

Report Number: 2016M-342

Dear Chairman Rudilosso 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 Centereach Fire District (District) which addressed the following question:

- Did District officials use competitive methods when procuring goods and services?

The results of our audit have been discussed with District officials and their comments, which appear in Appendix A, have been considered in preparing this report. District officials generally agreed with the findings.

Background and Methodology

The District is a district corporation of the State, distinct and separate from the Town of Brookhaven in Suffolk County. The District covers approximately 13.7 square miles, maintains three firehouses and provides fire protection and emergency rescue services to approximately 31,500 residents. The District has a fire department composed of three companies with 169 active volunteer members who responded to 879 fire alarms during 2015. The District's 2016 general fund budget appropriations total \$4.6 million and are funded primarily by real property taxes. The District has 55 employees including 10 full-time, four part-time and 41 per diem staff.

The Board of Fire Commissioners (Board) is composed of five elected members and is responsible for the District's overall financial management and safeguarding its resources. The Board appoints a District Manager who is responsible for the District's day-to-day management, which includes procuring goods and services in accordance with the District's purchasing policy and applicable laws. The District paid \$1.29 million to 100 vendors for purchases requiring competition during our audit period.

We examined the internal controls over the District's procurement practices for the period January 1, 2015 through June 30, 2016. We interviewed 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. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not our intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or relevant population size and the sample selected for examination.

Audit Results

New York State General Municipal Law (GML) requires the Board to adopt written procurement policies and procedures that provide guidance for determining when items must be competitively bid and when quotes should be obtained for purchases not required to be competitively bid. The Board is responsible for ensuring that District staff procure the desired quality and quantity of goods and services at the lowest cost, in compliance with Board policies and legal requirements.

It is important that District officials seek competition or use State and county contracts when available. The use of competition provides District residents with assurance that goods and services are procured in the most prudent and economical manner, that goods and services of desired quality are being acquired at the lowest possible prices and that procurement is not influenced by favoritism, extravagance, fraud or corruption.

The Board adopted a procurement policy in March 1993, which was last updated in January 2014. This policy provides guidance on procurement methods for purchases not requiring to be competitively bid, including the identification of specific dollar thresholds for obtaining verbal or written quotes. The Board reviews the purchasing policy annually and makes updates as necessary to ensure compliance with GML.

District officials used competitive methods when procuring goods and services, in accordance with the District's purchasing policy and applicable laws. We reviewed a sample of 20 purchases totaling \$149,853 that were subject to the District's procurement policy. We found that except for one minor issue, which we discussed with District officials, these purchases were obtained using competitive methods.

We commend District officials for complying with the statutory requirements and designing a purchasing process that enables competitive methods for procurement of goods and services.

We thank the officials of the Centereach Fire District 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.

9 South Washington Avenue
Centereach, New York 11720



(631) 588-8652
Fax (631) 588-1517

**Board of Fire Commissioners
Centereach Fire District**

November 8, 2016

Mr. Ira McCracken, Chief Examiner
Office of the State Comptroller
Division of Local Government and School Accountability
Hauppauge Regional Office
NYS Office Building, Room 3A10
250 Veterans Memorial Highway
Hauppauge, NY 11788-5533

Re: Centereach Fire District
Report of Examination 2016M-342
Period Covered January 1st 2015 to June 30th 2016

Dear Mr. McCracken,

The Board of Fire Commissioners Centereach Fire District is in receipt of the above referenced Comptroller's draft report of the recent audit conducted by your office. We have reviewed and concur with its content.

On behalf of the Board of Fire Commissioners and the Administration staff, we are extremely proud of the accomplishments by the Fire District based on the positive feedback that we received from your office regarding the effective system of our controls over claims processing, policies, procedures and Information technology.

We would like to acknowledge the professionalism of our field auditors who thoroughly explained each step in the audit process, were courteous and cooperative throughout the entire process, and had the utmost respect for our time and workflow while in the district.

Sincerely,

Frank P. Rudilosso
Chairman

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

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

- We interviewed District Officials to gain an understanding of the District's purchasing process.
- We reviewed the District's purchasing policy.
- We judgmentally selected a sample of 20 vendors based on payments made in 2015. Our sample 20 vendors included the five vendors paid the most within the bidding threshold of \$20,000 and above, the five vendors paid the most within the \$10,000 to \$19,999.99 threshold, the five vendors paid the most within the \$5,000 to \$9,999.99 threshold and the five vendors paid the most within the \$2,000 to \$4,999.99 threshold. We obtained and reviewed support for the largest payment made to each of these vendors during our audit period.

We conducted this performance audit in accordance with 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.