



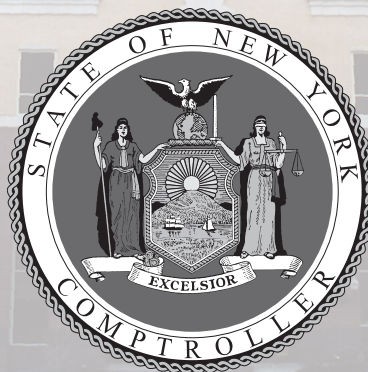
Franklin Square and Munson Fire District Non-Firefighting Vehicles

Report of Examination

Period Covered:

January 1, 2015 – August 31, 2016

2017M-20



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

April 2017

Dear Fire District Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Board of Fire Commissioner governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of the Franklin Square and Munson Fire District, entitled Non-Firefighting Vehicles. This audit was conducted 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.

This audit's results and recommendations are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The Franklin Square and Munson Fire District (District) is a district corporation of the State, distinct and separate from the hamlet of Franklin Square, Nassau County, in which it is located. The District covers an area of about three square miles consisting of Franklin Square, Garden City South and parts of West Hempstead, and serves about 30,000 residents. It has approximately 110 active volunteer members.

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 Treasurer and a Secretary. The Treasurer acts as the District's chief fiscal officer and is responsible for the receipt and custody of District funds, disbursing and accounting for those funds and meeting any other reporting requirements. The Secretary is responsible for keeping a complete and accurate record of the proceedings of each Board meeting and all Board-adopted rules and regulations.

The District's 2016 general fund budget appropriations totaled \$2,520,280, which were funded primarily by real property taxes.

Objective

The objective of our audit was to examine the District's internal controls over use of the District's non-firefighting vehicles. Our audit addressed the following related question:

- Were the District's non-firefighting vehicles necessary for District operations, and did the Board appropriately monitor their use?

Scope and Methodology

We examined the internal controls over the District's non-firefighting vehicles for the period January 1, 2015 through August 31, 2016.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix C of this report. 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.

**Comments of District
Officials and Corrective
Action**

The results of our audit and recommendations have been discussed with District officials, and their comments, which appear in Appendix A, have been considered in preparing this report. Except as indicated in Appendix A, District officials generally agreed with our recommendations and indicated they plan to initiate corrective action. Appendix B includes our comments on issues District officials raised in their response.

The Board has the responsibility to initiate corrective action. Pursuant to Section 181-b of New York State Town Law, a written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and forwarded to our office within 90 days. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The Board should make the CAP available for public review in the Secretary's office.

Non-Firefighting Vehicles

The District's vehicle use policy states that the District maintains a fleet of vehicles purchased and maintained at the District's expense to permit officers, employees and volunteer firefighters (personnel) to perform their duties and assist the District in meeting its objective and obligation to provide fire protection and other emergency services to the community. The policy further states that its objective is to ensure efficient and economical use of the vehicles, while permitting some limited personal use. Using a vehicle log and marking vehicles to readily identify them to the public as District vehicles can help provide transparency and accountability and can help ensure that they are used for actual and necessary District purposes.

The District maintains a fleet of 22 marked vehicles that are used by the Chiefs and other officials for firefighting and emergency purposes. In addition, during our audit period, the District purchased two non-firefighting vehicles at a net cost of \$54,089. In June 2015, the District purchased a 2015 SUV for \$39,494. In August 2015, the Board traded in a 2011 vehicle for \$10,000 and applied the proceeds towards the purchase of a 2015 SUV that cost \$24,595. These two vehicles, which were both black, were not clearly marked on their exterior as District vehicles. Each contains a small decal with the District's name in the rear windows, along with official license plates. District officials told us that the vehicles are not marked because they are not used for firefighting purposes. During our audit period, these two vehicles were driven a combined total of 15,151 miles and were used primarily by the Commissioners.

The District implemented a vehicle use log to monitor the use of these non-firefighting vehicles. District personnel, including Commissioners, are required to complete the log before they take possession of them. Users are supposed to enter into the log book their name, the vehicle number, the date, the purpose of the use, the vehicle's initial odometer reading and its odometer reading upon return.

The Board did not appropriately document and monitor use of these vehicles or ensure that they were used primarily for actual and necessary District purposes in an efficient and economical manner, as required by the policy. Although the vehicles were purchased in mid-2015, no use was recorded for either vehicle in the vehicle use log until May 2016. The unrecorded mileage for both vehicles during this period totaled 11,513.¹ As a result, District officials have no

¹ 7,413 miles for one and 4,100 miles for the other

record of who used these vehicles or for what purpose from the time of purchase until May 2016.

Our review of the vehicle use log from May through August 2016, which documented 3,638 miles of use, showed that, of the 32 entries recorded in the vehicle use log, 31 were for use by Commissioners. Eighteen of these entries, totaling 1,989 miles, appeared to be for routine District business purposes, such as attending local meetings and trainings. Commissioners did not use these vehicles to attend fire calls. Six entries, totaling 232 miles, were recorded as being for personal purposes such as doctor's appointments. Personnel either did not record an entry in the log or did not list the odometer reading, the purpose or both for the remaining 1,417 miles.

If the District had reimbursed the Commissioners or personnel for the 1,989 miles that were for documented District purposes, the cost would have been about \$1,110² or about \$3,330³ annually. It may be more cost effective to reimburse officials actual and necessary business travel rather than purchasing and maintaining two vehicles that are not intended to be used for firefighting purposes.

Because the Board did not enforce the procedures in place to monitor the use of these non-firefighting vehicles, there is no assurance that these vehicles were primarily used for actual and necessary business purposes as cited in the policy. In addition, the lack of monitoring of unmarked District vehicles could create the opportunity for excessive personal or questionable use of District vehicles at the expense of residents.

Recommendations

The Board should:

1. Determine whether these vehicles are necessary for District operations and perform a cost-benefit analysis to determine whether these vehicles are a cost-effective use of public funds.
2. Enforce the use of the vehicle use log by ensuring that the log is completely filled out each time a vehicle is used.
3. Review the vehicle use log periodically to ensure that the vehicles are only used for actual and necessary business purposes.

² Using the average Internal Revenue Service reimbursement rate of \$.558 per mile

³ Four months of usage times three

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

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



BOARD OF FIRE COMMISSIONERS
FRANKLIN SQUARE & MUNSON FIRE DISTRICT

833 HEMPSTEAD TURNPIKE, FRANKLIN SQUARE, NY 11010
TEL: 516.488.1858 FAX: 516.358.2617



April 3, 2017

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LOUIS SABATINO
DISTRICT TREASURER

Office of the State Comptroller
Hauppauge Regional Office
NYS Office Building
250 Veterans Memorial Highway
Hauppauge, New York 11788-5533

Attn: Ira McCracken

**RE: Franklin Square and Munson Fire District
Non-firefighting Vehicles
2017M-020
Combined RESPONSE and CORRECTIVE ACTION PLAN**

Dear Mr. McCracken:

The Franklin Square and Munson Fire District (FS&MFD) is in receipt of your office's draft Report of Examination concerning Non-firefighting Vehicles, covering the period of January 1, 2015 through August 31, 2016.

We have been asked to comment and reply to your findings.

Our first observation is that your report is of a limited scope concerning "non-firefighting vehicles". We find this interesting since your inquiry started with an extensive risk assessment that spanned a large range of areas of District operations. It included, among other things, document demands and reviews of financial statements, procurement policy adherence, billing, LOSAP, payroll and voucher practices. Since your critical Report is very limited in scope, we are pleased to understand that you found no other areas of weakness or non-compliance with applicable law.

We take exception to the following:

- 1. **Finding:** "These two vehicles...were not clearly marked on their exterior as District vehicles."

Response: This is not accurate and we respectfully disagree with this characterization. The vehicles in questions had Fire District decal's on both the driver-side and passenger-side backseat windows. In addition, the vehicles are equipped with official FS&MFD license plates issued by the NYS DMV. These plates are on the front and back of the vehicles. Therefore, the vehicles are clearly identified as District vehicles on all four (4) sides.

Action: Notwithstanding the fact that the District believes the vehicles are sufficiently and properly marked and identified as District vehicles, the District agreed to expend the additional public funds at the Comptroller's insistence.

See
Note 1
Page 10



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DISTRICT SECRETARY

LOUIS SABATINO
DISTRICT TREASURER

The vehicles have been re-stripped and additional District decals have been placed on the driver-side and passenger-side front doors. Action item complete

- 2. **Finding:** "The Board did not appropriately document and monitor use of the vehicles" and "...no [vehicle] use was recorded for either vehicle in the vehicle use log until May, 2016."

Response: The District did have in place a Vehicle Use Log covering the period of the Report. The report fails to mention that during the time period the District was engaged in a major renovation of a newly acquired building and actively relocating District and Department operations while still providing the necessary services to the public. It is possible that some logs were misplaced and/or lost during this transition.

See Note 2 Page 10

Action: In October 2016, while the Audit was still being performed, the District implemented a new, improved Vehicle Use Log. The Log is designed to capture all relevant information to ensure proper use. Additionally, the keys to the vehicles are now in a locked/combination box. Action item complete. Enforcement and monitoring – ongoing.

- 3. **Finding:** "Six entries...were recorded as being for personal purposes such as doctor's appointments."

Response: Not all 'doctor's appointments' are "personal". The Report failed to inquire or determine if these trips were District related, such as for FD physicals, physicals related to 9/11 illnesses/injury or District-related Workers Comp appointments.

See Note 3 Page 10

Action: District shall require more detailed information to be provided in Vehicle Use Log. Action item complete. Enforcement and monitoring – ongoing.

It should be noted that in 2014/2015, the Board the Board of Fire Commissioners noticed that the then-current District Vehicle, along other firefighting vehicles, were beginning to age and cost additional public funds to maintain and keep running. The Board was concerned that this was not cost-efficient fleet management. Discussion ensued and a financial plan was formulated by a unanimous decision by the Board of Fire Commissioners. The decision was made to sell certain surplus vehicles, including the district vehicle, and purchase two non-firefighting vehicles. The total cost of these two vehicles was \$54,089, after the trade in of the existing District Vehicle. Before the purchase of the two new district vehicles (the subject of this limited audit), the Board of Fire Commissioners sold four surplus vehicles. The total amount received from the sale of this surplus equipment was \$34,300. The Board of Fire Commissioners maintains that they were fiscally responsible and used sound business practices in the net spending of less than \$20,000 for the purchase of the two vehicles.



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It should also be noted that the District takes into account the current and expected future uses of District vehicles when making decisions. The vehicles in question can and will be used during their life expectancy of approximately ten (10) years. During these ten (10) years, these vehicles will allow District personnel to travel and car-pool to required training and conventions. The use of these vehicles to transport several individuals simultaneously to out-of-state training or meetings will give the District the added flexibility to save on other, more expensive modes of transportation (flights/trains). Additionally, since the District is responsible for maintaining the vehicles, the District will have the added assurances knowing that District personnel are being transported in safe, reliable, fully insured vehicles. This should minimize the District's potential exposure to liability and eliminate the possibility of District personnel traveling in private vehicles that may be unreliable, unsafe, uninsured or under-insured.

With the above referenced comments and exceptions, the Board agrees with the Report that the District and Board should strive to continue to ensure efficient and economical use of vehicles. The Board shall strive to continue to perform on-going cost-benefit analysis, as it has in the past, in the use of all District vehicles. The Board has directed all District employees/personnel to properly complete the Vehicle Use Log at all times to ensure that the vehicles are used for actual and necessary District purposes.

Thank you,

Franklin Square & Munson Fire District
Board of Commissioners

Philip F. Malloy Jr.

Christopher Gioia

Joseph Torregrossa

Les Saltzman

Dennis G. Lyons

APPENDIX B

OSC COMMENTS ON THE DISTRICT'S RESPONSE

Note 1

Our report does not contain a recommendation to mark the non-firefighting vehicles. Our report recommends the District monitor the vehicles' use by enforcing the use of the log to ensure that the vehicles are used for actual and necessary business purposes. The fact that the vehicles were not clearly marked as District vehicles makes monitoring all the more important.

Note 2

Our report states that the District had a vehicle log book covering the audit period. However, vehicle use was not consistently recorded. Our report does not mention building renovations because District officials did not give us any indication during the audit that the vehicle log book may have been lost or misplaced.

Note 3

During our audit, District officials told us that the doctor's appointments were personal visits and not District-related.

APPENDIX C

AUDIT METHODOLOGY AND STANDARDS

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

- We interviewed fire commissioners and District officials to gain an understanding of the use and control over the District's vehicles.
- We reviewed the vehicle use log and fuel transaction reports for the two non-firefighting District vehicles to determine whether all recorded personnel that used the vehicles were authorized users.
- We reviewed the District vehicle use log for completeness by comparing the fuel transaction reports to the vehicle use log. We determined whether appropriate entries of use were made around the period which gas was pumped into the vehicles.
- We reviewed the vehicle use log to determine whether use recorded in the log appeared to be for legitimate District purposes.
- We determined the total costs for each vehicle (including maintenance costs) and the total miles driven during the audit period. We estimated total mileage reimbursement for both vehicles by using the Internal Revenue Service approved mileage reimbursement rate. We compared the District's total costs for each vehicle to our estimated mileage reimbursement to determine whether Board expenditures on District vehicles were cost-effective.

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.

APPENDIX D

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