



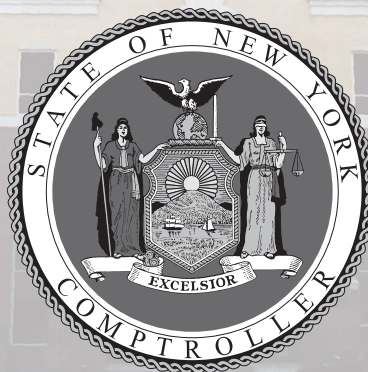
# U-Crest Fire District #4 Travel Expenditures

## Report of Examination

Period Covered:

January 1, 2015 — December 5, 2016

2017M-35



# Table of Contents

	<b>Page</b>
<b>AUTHORITY LETTER</b>	1
<b>INTRODUCTION</b>	2
Background	2
Objective	2
Scope and Methodology	2
Comments of District Officials and Corrective Action	2
<b>TRAVEL EXPENDITURES</b>	4
Travel Policy	4
Meals and Lodging	5
Rental Cars	6
Recommendations	7
<b>APPENDIX A</b> Response From District Officials	8
<b>APPENDIX B</b> Audit Methodology and Standards	11
<b>APPENDIX C</b> How to Obtain Additional Copies of the Report	12
<b>APPENDIX D</b> Local Regional Office Listing	13

# State of New York Office of the State Comptroller

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## **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 Commissioners 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 U-Crest Fire District #4, entitled Travel Expenditures. 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 U-Crest Fire District #4 (District) is a district corporation of the State, distinct and separate from the Town of Cheektowaga in Erie County. The District's 2017 general fund budgeted appropriations total approximately \$1.2 million and are funded primarily by real property taxes.

An elected five-member Board of Fire Commissioners (Board) is responsible for the District's overall financial management and for 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, preparing monthly and annual financial reports 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.

During 2015 and 2016,<sup>1</sup> the District's travel and conference expenditures totaled approximately \$113,000 and included payments made to vendors and reimbursements to District officials.

## Objective

The objective of our audit was to examine the District's travel expenditures. Our audit addressed the following related question:

- Did the Board ensure that travel and conference expenditures were necessary and reasonable?

## Scope and Methodology

We reviewed all payments relating to travel and conference expenditures for the period January 1, 2015 through December 5, 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 B of this report.

## 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. District officials generally agreed with our recommendations and indicated they have taken corrective action.

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<sup>1</sup> Through November 2016

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.

## Travel Expenditures

A fire district may pay for actual and necessary travel-related expenditures incurred by authorized fire district officials while attending conferences or conventions on official business. A comprehensive written travel policy is essential for ensuring travel costs are properly controlled. Additionally, General Municipal Law (GML) states that per diem rates for meals cannot exceed the standard daily rates allowed for federal income tax purposes. The General Services Administration (GSA) is a federal agency that establishes per diem<sup>2</sup> rates for meal and lodging expenditures relating to government travel. These rates are used by the federal government and other government entities, including New York State.

Our review of \$113,000 in total travel expenditures incurred during 2015 and 2016<sup>3</sup> identified significant potential savings that the District could have achieved in reimbursing officials for meals, lodging and vehicle rentals. Although the Board has not adopted a written travel policy, it adopted a resolution establishing a per diem rate of \$100 to cover meals and incidental travel expenditures. However, this rate exceeded the GSA per diem rates for meals and incidentals. Of \$31,100 that the District paid to 14 officials for meals and incidentals during 2015 and 2016, it could have saved up to \$17,600, or 57 percent, by using the established GSA rates. In addition, the Board has not established clear limits or parameters for determining reasonable lodging costs or cost-effective methods of travel. Of \$39,700 in lodging transactions for 10 overnight trips, the District potentially could have saved up to \$12,800 (32 percent) if discounted conference hotel rates were used when available. The District also paid \$2,600 in vehicle rental costs for officials attending three out-of-state conferences in 2015 and 2016 but could have saved up to \$1,600 (62 percent) had District officials shared rental cars.

### Travel Policy

Fire district commissioners and officers can attend conferences at fire district expense, but conference travel must be for official business, using a “cost-effective and reasonable method of travel.” Accordingly, the Board should adopt and enforce written policies defining cost-effective and reasonable methods of travel that provide clear and specific guidelines for allowable travel and reimbursement and include expenditures typically reimbursable, such as lodging, mileage allowances, taxi and rental car expenditures and meal expenditures. The policy should also include the reimbursement

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<sup>2</sup> A per diem is a daily allowance given to an individual per day to cover expenses when traveling for work.

<sup>3</sup> Through November 2016

process for allowable travel expenditures, maximum reimbursement rates for lodging and meals and the conditions under which exceptions to the maximum rates will be granted.

The District does not have adequate Board-adopted travel policies or procedures. In August 2005, the Board adopted written rules pertaining to travel which identified officers, by title or position, approved to travel for training purposes and established the number of training events each officer was allowed to attend per year. However, the rules did not describe allowable travel costs or the travel cost reimbursement process and did not clearly define cost-effective and reasonable methods of travel.

Without a comprehensive written policy for travel, District officials do not have clear guidelines to determine whether expenditures were necessary and reasonable.

## **Meals and Lodging**

The Board can choose to reimburse officers and commissioners for meal and lodging costs based on actual costs or using flat daily rates (per diem rates). However, per diem rates cannot exceed the standard daily meal rates allowed for federal income tax purposes (GSA per diem rates), pursuant to GML. Fire district boards can also use GSA per diem rates to help control lodging costs.

Meals — The Board adopted a resolution establishing a per diem rate of \$100 to cover the cost of meals and incidentals. However, this rate exceeded the GSA per diem rates, which ranged from \$46 to \$74 in the areas traveled during the period reviewed. We reviewed reimbursements for meal and incidental costs paid to 14 officials totaling \$31,100 and found that the District could have saved \$17,600 by using the GSA per diem rates. This amount represents more than half of the meal expenditures and 16 percent of the District’s total travel expenditures during 2015 and 2016.

Lodging — The Board did not establish a per diem rate for lodging and did not require District officials to use discounted conference hotel rates. We reviewed lodging transactions totaling \$39,700 for 10 overnight trips, made from March 2015 through August 2016, and found that the District potentially could have saved up to \$12,800 (32 percent) if the discounted conference hotel rates, when available, were used for lodging.<sup>4</sup> For example, five officers and one commissioner attended a conference in Indiana that required 17 nights of lodging at an average rate per night of \$354<sup>5</sup> excluding taxes and other charges.<sup>6</sup>

<sup>4</sup> If we could not determine the discounted conference rate, we used the current market rate for illustrative purposes.

<sup>5</sup> The cost per night varied for weekday and weekend nights.

<sup>6</sup> Officials booked their lodging separately on various dates resulting in different rates at the same hotel.



At this conference, two officials stayed in each room and the District paid \$6,000 for lodging (excluding taxes and other charges). Although we commend District officials for saving money by sharing rooms, they may have saved an additional \$3,000 (50 percent) had they obtained the hotel's discounted conference rate of \$181.

District officials told us they did not review or shop for hotel rates and would pay the offered rate without asking for reduced government rates or attempting to obtain the discounted conference rate. Typically, District officials would book their hotel rooms several days before the conference or sometimes not until arriving at the conference. Because hotels typically offer a limited number of rooms at discounted conference rates or special reduced rates for a limited time, delayed hotel registration can result in the loss of cost savings. The Board approved traveling to the conference in the example above at the reorganization meeting in January; therefore, officials had ample time to book lodging in advance for this conference that occurred in April of that year.

Occasionally, exceptions to maximum lodging and meal rates are warranted to accommodate special circumstances. However, the Board should periodically review GSA rates to ensure the District's per diem rates are reasonable.

## **Rental Cars**

The Board should clearly define cost-effective and reasonable methods of travel in its travel policy to help ensure that District officials comply with the GML requirements for conference travel.

District officials incurred car rental expenditures totaling \$2,600 while attending three out-of-state conferences. Although the Board approved these expenditures for payment, the District could have saved up to \$1,600 (62 percent) had the Board required officials to share rental cars. For example, four commissioners, the Treasurer and one officer attended a conference together in Florida and each official rented a separate vehicle even though the conference was held at the hotel where the officials stayed. The District paid rental costs totaling \$1,500 for six vehicles when officials could have shared two rental cars and paid \$350. Board members had not evaluated vehicle rental costs to ensure they were cost-effective or reasonable. District officials told us that officers were each allowed to rent their own cars because this is what the District had always done. By comparing vehicle rental costs and sharing cars when feasible, District officials can use taxpayer dollars more efficiently.

The Board members' actions cost the District several thousands of dollars.



## **Recommendations**

The Board should:

1. Demonstrate prudent use of taxpayer money when establishing travel policies and traveling on District business.
2. Develop a comprehensive travel policy establishing allowable travel costs, maximum reimbursement rates and clearly defined reasonable and cost-effective travel methods, including establishing reasonable guidelines for controlling vehicle rental costs.
3. Ensure reimbursements for meals are no greater than the GSA rates.
4. Monitor conference attendance and travel cost to ensure costs are reasonable and travel is conducted in a cost-effective manner.
5. Plan conference travel, including hotel reservations, in advance to obtain the best possible lodging rates.

## **APPENDIX A**

### **RESPONSE FROM DISTRICT OFFICIALS**

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



# U-CREST FIRE DISTRICT #4

## BOARD OF FIRE COMMISSIONERS

255 Clover Place Cheektowaga, NY 14225  
Tel 634-2620 Fax 565-1938 Email ucrestfiredist@aol.com



April 06, 2017

Jeffrey D. Mazula  
295 Main Street Suite 1032  
Buffalo, NY 14203-2510

Jeffrey:

In response to the examination of the U-Crest Fire District, The Board of Fire Commissioners has agreed to the draft findings as Presented by [REDACTED]. Also we would like to note The examiner performed the review in a knowledgeable and a Professional manner.

### Corrective Action Plan

The Fire District implemented a new a Travel Policy as of Jan. 01, 2017. It includes car rentals, meals and lodging cost on District Business. The District will continue to manage Tax payer monies with Deem respect as we did in the past with new implemented policies. The District has doubled & tripled up officers in the occupancy in Rooms in order to reduce lodging costs by more than half, thereby Saving Thousands of Tax payer costs. The District will also Continue to apply for Tax Exemption of traveled states to save on


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travel expenses. The U-Crest Fire District is currently tax exempt From Florida and Indiana saving thousands on travel expenses.

The new policies demonstrate prudent use of tax payer money while on District business. The policies establish allowable travel cost, Maximum reimbursement rates and clearly define reasonable and cost Effective travel methods, including establishing feasible guide Lines for controlling vehicle rental costs  
Ensure reimbursements for meal and hotels are no greater than the GSA rates. Monitor conference attendance and travel costs to ensure The costs are reasonable and travel is conducted in a cost-effective Manner. Plan conference travel, including hotel reservations, in Advance to obtain the best possible lodging rates.

In addition the Fire District approves the attendance of Conferences at the organizational meeting on Jan.01, each year, but Because the attendee's have full time Employment it is necessary to Wait for their approved time off (vacation schedule) before Making Hotel reservations. This results in missing the conference Rate, but Will seek out the lodging rates as earliest as possible.

Chairman 

April 6, 2017

## APPENDIX B

### AUDIT METHODOLOGY AND STANDARDS

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

- We reviewed policies and procedures adopted by the Board, including rules and regulations and bylaws.
- We reviewed the bank account register for any travel or conference payments.
- We reviewed all payments relating to travel and conference expenditures for proper support and approval.
- We compared all payments made to the GSA rates for meals.
- We compared all payments made to the available discounted conference hotel rates or market rates (if discounted conference rate information was not available) for lodging.
- We reviewed Board minutes for approval of attendance at conferences and establishment of lodging and per diem rates.
- We calculated the potential cost savings had District officials obtained discounted hotel rates (if available) and shared rental vehicles.

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 C

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