



Village of Southampton

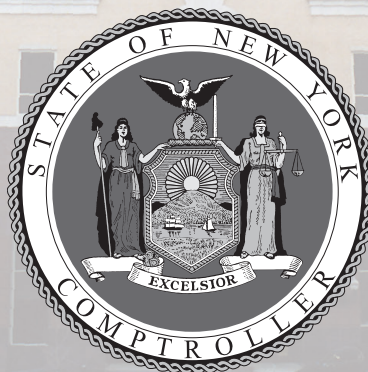
Fire Department Length of Service Award Program

Report of Examination

Period Covered:

June 1, 2015 — May 31, 2016

2017M-59



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

July 2017

Dear Village 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 Trustees 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 Village of Southampton, entitled Fire Department Length of Service Award Program. 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 Village of Southampton (Village) is located in the Town of Southampton in Suffolk County and has a population of approximately 3,100. It provides various services to its residents, including police, fire and ambulance protection, a justice court, a building department, road maintenance and snow removal, parks and recreation and general government support. The Village also provides fire protection services outside the Village's boundaries to portions of the Southampton Fire District. The Village's 2015-16 operating expenditures totaled approximately \$27.7 million, funded primarily by real property taxes, State aid and user fees.

The Village is governed by an elected Board of Trustees (Board) composed of four trustees and the Mayor. The Board is responsible for the general management and oversight of Village operations, including the Fire Department (Department). The Village Administrator (Administrator), who is appointed by the Mayor with Board approval, is the Village's treasurer and chief fiscal officer. The Department Manager (Manager), oversees day-to-day Department operations, including its length of service award program (LOSAP).

The Village established a LOSAP for the active Department members effective July 1, 1991. In 2016, the Department had 138 active members. As of June 30, 2016, the Village's LOSAP assets totaled approximately \$2.4 million. The Village's contribution for 2015-16 was \$415,963.¹

Objective

The objective of our audit was to determine whether the Village was awarding LOSAP service credit to volunteer firefighters accurately. Our audit addressed the following related question:

- Did the Village adopt a LOSAP point system for its volunteer firefighters that complied with General Municipal Law and accurately award LOSAP credits?

Scope and Methodology

We examined the Village's LOSAP point system and the Department's LOSAP records and reports for the period June 1, 2015 through May 31, 2016. Our audit identified areas in need of improvement concerning certain information technology controls. Because of the sensitivity of this information, we did not discuss the results in

¹ This represents only the assets and contribution for the volunteer firefighter LOSAP. The Village also maintains a separate LOSAP for its volunteer ambulance workers.

this report but instead communicated them confidentially to Village officials so they could take corrective action.

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
Village Officials and
Corrective Action**

The results of our audit and recommendations have been discussed with Village officials and their comments, which appear in Appendix B, have been considered in preparing this report. Village officials generally agreed with our recommendations and indicated they will take corrective action.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of the General Municipal Law. 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 this plan available for public review in the Village Clerk's office.

Length of Service Award Program

The Village sponsors and funds a defined-benefit LOSAP, which is intended to facilitate the recruitment and retention of active volunteer firefighters by providing them with a monthly pension-like benefit based on their years of firefighting service. Generally, upon reaching age 65, LOSAP participants receive a benefit of \$30 per month for each year of firefighting service up to 40 years, or a maximum benefit of \$1,200 per month.²

A year of firefighting service is credited to a volunteer firefighter each year if the firefighter earns 50 service award points. Points are granted for performing certain activities, in accordance with a system (Point System) established by the LOSAP sponsor. Activities for which points may be granted are specified in New York State General Municipal Law (GML).³ However, the Village, as the LOSAP sponsor, does not have to designate all the activities specified by GML as activities for which points may be granted.

Annually, each volunteer fire company is required to submit a certified list to the Board identifying all volunteers who earned at least 50 points during the preceding year. The Board is required to review the list and approve the final annual certification, at which time each volunteer who earned 50 points is credited with a year of firefighting service.

The Village's Point System is not consistent with GML and points were not awarded in accordance with the Point System. Our review of the LOSAP records for 47 of the Department's 138 active volunteers⁴ showed that at least 27 of these volunteers did not receive accurate LOSAP points.

Point System Compliance

GML specifies activities for which LOSAP points may be awarded. The Village can choose to award LOSAP points in its Point System for some or all of the GML-specified activities. These activities include participating in Department responses and training courses, attending standbys or sleep-ins, serving in an elected or appointed position, teaching fire prevention classes, and attending certain meetings, drills or miscellaneous activities as defined in the law. GML specifies the number of points that may be awarded each time an activity is performed and, in most instances, the maximum number of points

² For example, a firefighter with 10 years of service would receive \$300 per month (\$30 for each of the 10 years).

³ See Appendix A for additional information on awarding LOSAP points.

⁴ See Appendix C for detailed methodology.

that can be earned for performing a given activity over the course of a year.

The Village's adopted Point System covers eight activities: participating in Department responses, training, attending drills, attending standbys or sleep-ins, holding an elected or appointed position, attending official Department or fire company meetings, attending fire prevention meetings or presentations, and line-of-duty disability. However, the Point System is not consistent with GML because it does not award the correct amount of points for some activities. In addition, volunteers received points for certain activities that may be permissible under GML, but were not included in the adopted Point System.

Elected or Appointed Positions – The Village Point System awards volunteer firefighters points for serving in elected or appointed positions. GML generally authorizes up to 25 points for completing a one-year term in an elected or appointed position. Under GML, elected or appointed positions consist of members serving as line officers, department or company officers, a fire company or department president, vice president, treasurer and secretary.

The Village's Point System was not in compliance with GML because the Village awarded 12 points for serving as the Department's webmaster and 12 to 25 points for serving as members of several committees. These positions included membership on a points committee, blood committee, scholarship committee, beverage distribution committee and an election committee, and benevolent association representatives and antiques chairman. Our review of the Department's 2015-16 LOSAP records for all 27 committee members showed that they received from six to 25 points for these committee memberships, which, in our view, would not qualify as an elected or appointed position as defined in the GML. Without these committee points, eight of the 27 volunteers would otherwise not have earned the minimum 50 points required to earn a year of LOSAP service credit.

Fire Prevention Meetings – The Village Point System awards volunteer firefighters up to 15 points for attending fire prevention meetings or presentations. However, GML allows a maximum of five points for teaching fire prevention classes, not attending meetings. Even if the Village intended "attending" to mean "teaching" in this instance, the Point System awards up to 10 points more than GML allows for this category.⁵ Our review of the Department's 2015-16 LOSAP records

⁵ As noted further in the report, GML includes "miscellaneous activities" as a category which a village may elect to include in its point system. While it is possible that attending fire prevention meetings or presentations would qualify in that category, the Village's LOSAP does not include "miscellaneous activities" in its point system.

for 47 participants showed that three individuals received more than the five points allowed by GML, receiving either six or 11 points each for fire prevention meeting or presentation.

Drills – GML permits awarding points for attending drills: one point per drill (minimum two hours) up to a maximum of 20 points. However, in addition to awarding points for drills in this manner, the Village’s Point System also allows the awarding of two points for each Department drill attended at the Yaphank Training Center. Since none of the 47 individuals in our review actually received two points for a Yaphank drill, we found no instances of points being improperly awarded for drills. However, Village officials should ensure that their Point System complies with the law.

Village and Department officials told us they were following the Point System adopted by the previous Board and attributed inconsistencies to a lack of awareness of GML requirements. As a result, the Village did not properly award LOSAP service credit to volunteer firefighters.

Awarding of Points

According to GML, one year of firefighting service must be credited under a LOSAP for each calendar year after establishment of the program in which an active volunteer accumulates at least 50 points. Points must be granted in accordance with a system adopted by the LOSAP sponsor.

The Village did not award LOSAP points in accordance with its Point System. The Department has established procedures over LOSAP whereby members’ activities are tracked through a combination of a biometric finger reader and manual sign-in sheets. The fire chiefs collect the sign-in sheets and submit them weekly to the Manager, who records the data in the LOSAP software. The Department’s points committee (composed of a fire chief plus one member from each of the five companies) reviews points monthly. The committee reconciles the sign-in sheets to the electronic records annually. The Board also reviews the LOSAP annual reports. Members are provided with a report of their points each year and given 30 days to file any grievances. While the Board and Department have established standards and procedures to ensure the accurate award of LOSAP service credits, the Manager said he did not follow the Point System when awarding points, but generally referred directly to GML instead. This practice resulted in volunteer firefighters not receiving appropriate LOSAP credit.

We reviewed the 2015-16 LOSAP records for the Department’s 27 committee members plus another 20 of the LOSAP participants, for a total of 47 of the 138 active volunteers. In addition to the points awarded for committee members and fire prevention that did not

comply with GML (see Point System Compliance), our review showed that:

- For attending committee meetings, 17 of the 47 individuals received between one and 13 points. However, the Point System and GML only allow awarding points for attendance at any official meetings of the Company or Department. Attendance at committee meetings may be acceptable under “miscellaneous activities” under GML; however, the Village’s Point System does not include a “miscellaneous activities” category.
- All 47 individuals received from two to 15 points for various activities that were recorded as “miscellaneous,” including vehicle inspections, Department physicals, donating blood, dinners, taking down holiday decorations, being fitted for job shirts and a golf tournament. GML allows the Village to include “miscellaneous activities” as a category in its Point System and award volunteers up to 15 points for participating in certain activities, such as inspections and other activities covered by the New York State Volunteer Firefighters Benefit Law (VFBL). It is possible some of the listed activities may qualify as “miscellaneous activities.” However, the Village did not include miscellaneous activities in its Point System, making it improper to award any points under this category.

As a result of these deficiencies, volunteer firefighters may not be properly receiving LOSAP points for certain qualifying activities. Twelve of the 47 volunteer firefighters did not meet the 50-point minimum and therefore have not received accurate LOSAP service credit, which may result in their potential loss of future benefits or, conversely, in the Village incurring more LOSAP costs than necessary.

Recommendations

The Board should:

1. Review and amend the Village’s Point System, as necessary, to ensure conformity with GML.
2. If the Point System is amended to include “miscellaneous activities,” consider contacting the Workers’ Compensation Board for advice if questions arise on what activities would be covered by VFBL and, therefore, eligible for points under a “miscellaneous activities” category in its Point System.
3. Consult with the Village’s legal counsel to address, as appropriate, the possibility of correcting errors in the awarding of points that were not permitted under GML.

The Manager should:

4. Award LOSAP points in accordance with the adopted Point System.

APPENDIX A

ADDITIONAL LOSAP INFORMATION

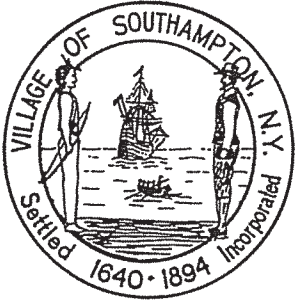
GML provisions for awarding LOSAP points are summarized as follows:

- Training Courses: 25 points maximum
 - o Courses under 20 hours duration – one point per hour, with a maximum of five points
 - o Courses 20 to 45 hours duration – one point per hour for each hour over the initial 20 hours, with a maximum of 10 points
 - o Courses over 45 hours to 100 hours duration – 15 points per course
 - o Courses over 100 hours duration – 25 hours per course
- Drills: One point per drill (minimum two-hour drill), with 20 points maximum
- Sleep-ins and standbys: One point per each qualifying event, with 20 points maximum
- Elected or appointed position: 25 points maximum per year in the position
- Meetings: One point per meeting for attending official fire company meetings, with 20 points maximum
- Participation in department responses: 25 points for meeting the minimum number of calls based on a percentage of the total number of calls the department responds to annually
 - o 25 points for fire calls (i.e., all calls “other than emergency rescue and first aid squad calls [ambulance calls]”)
 - o 25 points for EMS calls (i.e., “emergency rescue and first aid squad [ambulance]” calls)
- Miscellaneous activities: One point per activity for inspections and other activities covered by New York State Volunteer Firefighters’ Benefit Law and not otherwise listed, with 15 points maximum
- Disability: Five points per month for certain line-of-duty disabilities
- Teaching fire prevention courses under certain circumstances: One point per class, with a maximum of five points

APPENDIX B

RESPONSE FROM VILLAGE OFFICIALS

The Village officials' response to this audit can be found on the following page. Due to the confidential nature of certain information, we have redacted those references from the Village's response letter.



Village of Southampton

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250 Veterans Memorial Highway
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June 29, 2017

Re: Village of Southampton audit

Dear Mr. McCracken:

We are in receipt of the draft audit report and have reviewed the findings with your audit staff on June 20, 2017.



We discussed the LOSAP recommendations at length with our Fire Department. They recognize that the policy requires updating and have been working on it. However, based on the audit report and the time required for the department to bring the plan in compliance, the Village has decided to hire an outside legal firm to bring the plan in compliance with NYS General Municipal Law in a more timely fashion.

If you should have any questions, please feel free to call.

Very Truly Yours,

Stephen Funsch CPA
Village Administrator

APPENDIX C

AUDIT METHODOLOGY AND STANDARDS

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

- We reviewed the Village's LOSAP point system for volunteer firefighters to identify the activities for which volunteers could earn points.
- We interviewed Department officials to determine who earned annual LOSAP service credit and the process used to track and record activity points and award annual LOSAP service credit.
- We reviewed the LOSAP point system for compliance with GML.
- We selected all 27 committee members and an additional judgmentally selected 20 volunteers with a large number of points for drills, for a total sample of 47 of the 138 volunteers active in 2016. We reviewed sign-in sheets and other documentation for each LOSAP activity to determine the number of points awarded for each qualifying activity and to assess compliance with GML. We tested volunteers to compare the Point System reports to the annual list of volunteers who received a year of LOSAP service credit.
- We reviewed and recalculated volunteers' service points for each of the LOSAP activities to determine if the LOSAP reports were reliable and to verify that annual LOSAP service credit was properly awarded.

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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX D

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