New York State Comptroller
THOMAS P. DiNAPOLI

North Merrick Fire District

Payroll

November 2026 | 2026M-80

Prepared by the Division of Local Government and School Accountability

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Audit Results

North Merrick Fire District

Audit Objective

Did the North Merrick Fire District (District) Board of Fire Commissioners (Board) and District officials ensure compensation payments to officers and employees were accurate, adequately supported and properly authorized?

Audit Period

January 1, 2024 – September 30, 2025

Understanding the Audit Area

A board of fire commissioners and fire district officials should ensure compensation payments are accurate, adequately supported and properly approved to safeguard public funds, prevent unauthorized or erroneous payments and provide assurance that employees are paid in accordance with authorized salary and wage rates.

The District paid its eight employees and two officers a total of $608,005 during the audit period, including $536,765 in regular compensation and $71,240 in overtime compensation. Overtime compensation accounted for 11.7 percent of the District's total compensation paid.

Audit Summary

The Board and District officials did not adequately document the salary and pay rates or maintain supporting documentation for all compensation payments. We identified 33 unsupported and/or erroneous compensation payments totaling $6,708 or 1.1 percent of the total compensation paid during the audit period. In addition, the Board did not establish and properly document the salary or hourly wage rates for three individuals, including the District Treasurer ($50,000 annual salary), a maintenance helper ($19.23 per hour), and part-time cleaner ($18 per hour). Without adequate documentation and established pay rates, compensation payments could be made to officers and employees for amounts to which they are not entitled.

This report includes four recommendations that, if implemented, will improve the Board's oversight of the payroll function and process to help ensure compensation payments are consistent with approved salary and wage rates, properly supported, and authorized. District officials agreed with our recommendations and indicated they plan to initiate corrective action, and their response is included in Appendix B.

Payroll: Findings and Recommendations

A board of fire commissioners is responsible for ensuring that district officers and employees are accurately compensated for the salaries and hourly pay rates authorized by the Board. District officials should establish procedures to ensure compensation payments to employees are accurate, approved and supported. These procedures, as well as the terms and conditions of all employment agreements, should be clearly communicated to those responsible for processing payroll.

More details on the criteria used in this report, as well as resources the Office of the New York State Comptroller's (OSC) makes available to local officials that can help them improve operations, are included in Appendix A.

Finding 1 – The Board and District officials made compensation payments to certain officers and employees without supporting documentation.

The Board-appointed District Clerk processes payroll by generating and reviewing employee timesheets from the timekeeping system and recording regular and overtime hours worked by employees into the payroll system. After inputting and calculating payroll, the District Clerk prints a payroll summary sheet and provides it to the Board Chairman, or the Board Vice Chairman in the Chairman's absence, for certification of payroll. After the Board certifies the payroll, the Treasurer releases the compensation payments to employees.

We reviewed the $608,005 compensation paid to the District's eight employees and two officers[1] during the audit period. We determined the Board collectively paid six employees and an officer $6,708 for 258.50 hours that were not supported by timesheets or other documentation. For example:

- Two part-time cleaners received $2,079 for 98.25 hours not documented as having been worked on District timesheets. The District Clerk told us that these two employees work hall rental events for which the District charges a $200 clean up fee for set up of the event and cleanup of the hall afterwards. However, the two part-time employees did not record the hours worked in the District's punch system for these events.

- During the audit period, the Board paid the District's former Treasurer $1,886, or the equivalent of 68 hours, for 17 holidays that she did not work. The District Clerk explained that, at the time that she was hired as part-time and hourly, the Board verbally agreed to pay the former District Treasurer four hours of pay for each of 12 legal holidays each year, even though other part-time hourly District employees are only paid for hours worked on holidays. However, the Board's authorization for the former Treasurer's holiday pay was not documented in a Board resolution, employment contract or District policy.

- One part-time cleaner received $1,375 for 64.75 hours not documented as having been worked, according to the District's timesheets. When we inquired about the difference, the District Clerk could neither explain why the employee was paid nor provide support for the hours for which the employee was compensated.

- After processing the payroll himself, the District Clerk, in his capacity as firehouse maintainer, received $824 for 4.50 regular hours and seven overtime hours not documented as having been worked according to the District's timesheets. When we inquired about this unsupported payment, the Vice Chairman indicated that the District was understaffed during the audit period, which resulted in the District Clerk taking on additional District duties. However, the Vice Chairman could not provide an explanation for this unsupported payment.

1 The former Treasurer and the current Treasurer.

- The District Clerk was inadvertently overpaid $75 for regular hours worked as firehouse maintainer after the District Clerk processed the payroll using the overtime pay rate for his regular hours. The Vice Chairman told us that the Board does not confirm the employee pay rates each time that it certifies payroll. Instead, the Board only reviews pay totals for each pay period because it relied on the District Clerk to accurately input the Board-approved pay rates.

While the Chairman, or Vice Chairman in the Chairman's absence, certifies each payroll, the Vice Chairman told us that neither he nor the Chairman reviewed employee timesheets, overtime documentation, or payroll change reports and instead relied on the District Clerk's input of hours worked to be accurate. However, because the Board did not segregate the District Clerk's payroll duties or provide oversight over the District's payroll function, inaccurate and unsupported compensation payments occurred and remained undetected.

Recommendations

The Board should:

1. Establish and adopt comprehensive written policies for employee timekeeping, overtime approval and hall rental pay, including:
    - Employees who do not use the District's punch system should be required to submit time logs recording daily work hours, including time spent on various tasks, events and activities.
    - Specification of what actions should be taken when overtime hours worked are more than initially authorized by the Board.
    - The hall rental pay for set up and cleanup of events by Board resolution.
2. Ensure the District's payroll function is adequately segregated. If segregation is not possible, the Board should review employees' timesheets, overtime support and payroll change reports to provide oversight of the payroll process and independently certify the payrolls.

Finding 2 – The Board did not properly document all officers' and employees' salaries and hourly pay rates.

The Board discusses salary and hourly pay rate increases for officers and employees each August and documents this information in an electronic salary plan schedule that is maintained by the District Clerk. The Board approves the salary plan schedule each subsequent January as part of the annual reorganization meeting.

We reviewed the District's payroll records to determine whether the Board established and approved the salaries or hourly pay rates for eight employees and two officers. We determined that the Board did not provide documentation to support the establishment and salary approval for one District officer, the District Treasurer ($50,000 annual salary), and the hourly wages for two employees, a maintenance helper ($19.23 per hour) and a part-time cleaner ($18 per hour).

Because the Board approved the hiring of both the District Treasurer and Maintenance Helper in April 2025, they were not included in the January 2025 salary plan schedule. However, the Board did not develop documentation, such as adopting a resolution amending the District salary plan schedule to include the Treasurer's salary and Maintenance Helper's hourly pay rate, to support each of these individual's compensation arrangements with the District. The District Clerk told us that the salary and hourly pay rates for these two individuals were discussed by the Board before their hiring, but it is not the District's practice to document and approve officer and employees' salaries or hourly pay rates within Board meeting minutes, other than as a salary plan schedule attachment to the reorganization meeting. Additionally, the Vice Chairman indicated that the salary and hourly pay rates for these two individuals were discussed by the Board during executive sessions

Without documentation to help support Board-approved salaries and wage rates, there is limited information available to verify whether officers and employees were accurately paid by the District. As a result, there is an increased risk that the salary plan schedule maintained on the District Clerk's computer could be altered, as well as less assurance that the salaries and payrates provided to us for review were the exact salaries and wage rates that were approved by the Board. Furthermore, in the absence of a formal process to document authorized salaries and wage rates, the risk of fraudulent or erroneous payroll changes occurring without detection increases.

Recommendations

The Board should:

3. Formally adopt salary schedules and approve employee pay rates in a clear, consistent manner, ensuring that all approvals appear in the District's official Board meeting minutes.

4. Establish a process to document the approval of salaries and hourly pay rates for officers and employees hired during the year, after the January reorganization meeting.

This audit was conducted pursuant to Article V, Section 1 of the State Constitution and OSC's authority as set forth in Article 3 of the New York State General Municipal Law. The audit's methodology and standards are included in Appendix C.

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 OSC 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 the CAP, please refer to the OSC brochure, *Responding to an OSC Audit Report*, which was provided with the draft audit report. The Board is encouraged to make the CAP available for public review.

Appendix A: Profile, Criteria and Resources

Profile

The North Merrick Fire District provides fire protection, rescue and other emergency services to the North Merrick community located in the Town of Hempstead in Nassau County. The elected five-member Board is responsible for the District's overall management.

The Board-appointed District Clerk is responsible for processing payroll, which is then certified by the Board Chairman, or Vice Chairman in the Chairman's absence. The Board-appointed Treasurer is the chief fiscal officer and is responsible for receiving, disbursing and accounting for District funds, including payroll.

Criteria

Officer and employee compensation represents a significant portion of a fire district's operating expenditures. Therefore, a board of fire commissioners should establish and approve all salary and hourly wages as part of a collective bargaining agreement, individual contract, or board resolution and ensure that the terms and conditions of these agreements are clearly documented and communicated to those who are responsible for processing payroll. Fire district officers and employees should be paid accurately in accordance with collective bargaining agreements, board-approved employee contracts, board resolutions and district policies. A board of fire commissioners should properly authorize, approve and document any changes in employment status, including appointments and changes in titles.

The board should adopt policies and district officials should develop procedures for the payroll process. These policies and procedures should be shared with the individuals who process the district's payroll. A well-designed payroll processing system provides guidance and oversight for employees who process payroll. Payroll procedures should require employees to document days and hours worked on either timesheets or timecards. Subsequently, timesheets and timecards should be reviewed and approved by supervisory personnel who have direct contact with the employee. These policies and procedures help ensure that payroll is processed consistently and accurately and hours worked are accurately reported.

Additionally, before checks are distributed, payroll registers or similar records should be reviewed and independently certified to provide oversight of the payroll process. By certifying the payroll, officials attest to the payroll's validity and authorize payment to those officers and employees. Payroll duties should be segregated so that the work of one employee is routinely verified as a part of another employee's or commissioner's regular duties. Separating duties and responsibilities reduces the risk of errors or irregularities from occurring and going undetected.

Additional Resources

OSC's *Local Government Management Guides,* and other informational resources that are available on OSC's website to help officials understand and perform their responsibilities, include:

- *LGMG – The Practice of Internal Controls:* https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf
- *LGMG – Management's Responsibility for Internal Controls:* https://www.osc.ny.gov/files/local-government/publications/pdf/managements-responsibility-for-internal-controls.pdf
- *LGMG – Fiscal Oversight Responsibilities of the Governing Board:* https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf

In addition, local officials can use OSC's website to search for audits, resources, publications and training for officials at: https://www.osc.ny.gov/local-government

Appendix B: Response From District Officials

The content below is a reproduced copy of the original response letter issued by District officials, is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*,[2] and may have included changes to spelling and grammar. The substance of the content was not changed.

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November 16, 2026

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Division of Local Government and School Accountability Hauppauge Regional Office
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Re: Response to Audit Findings

Mr. McCracken,

The North Merrick Fire District (hereinafter, "District") is in receipt of the audit results furnished by the Office of the New York State Comptroller's (hereinafter, "OSC") audit team for the period January 1, 2024 through September 30, 2025. The board of fire commissioners acknowledges the audit findings presented. The board of fire commissioners believes the implementation of an integrated payroll system will strengthen payroll administration and internal controls. The District will implement a comprehensive payroll management solution that integrates payroll processing with employee personnel records, leave accrual tracking, payroll tax reporting, accounting records, and financial reporting. The selected system will provide:

- Electronic employee payroll records;
- Automated payroll calculations;
- Leave accrual tracking and approvals;
- Payroll register generation;
- Payroll reporting capabilities;
- Integration with general ledger accounting records;
- User access controls;
- Audit trail functionality; and
- Secure data backup and retention.

Moreover, the board of fire commissioners will ensure that approved employee salaries and pay rates are formally documented in the official meeting minutes of the board of fire commissioners.

2 https://www.ada.gov/resources/2024-03-08-web-rule/#highlights-of-the-requirements-in-the-rule

Lastly, the district is committed to transparency and accountability. The board of fire commissioners takes its fiduciary position as stewards of taxpayer monies seriously. The district welcomes and appreciates your recommendations for improvement. Thank you for your service to the North Merrick Fire District and its taxpayers.

Respectfully,

Paul Wilders
Chairman of the Board of Fire Commissioners

Cc: Board of Fire Commissioners

Appendix C: Audit Methodology and Standards

OSC auditors obtained an understanding of internal controls that were deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of the work on internal controls, as well as the work performed in the audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed Commissioners and the District Clerk to gain an understanding of the District's payroll process.

- We reviewed individual employment agreements, Board resolutions, and District salary plan schedules to determine whether the hiring of employees and their annual salary or hourly pay rate were approved by the Board and Civil Service.

- We selected all eight District employees and two District officers who received compensation totaling $608,005 during the audit period to determine whether compensation payments were accurate, approved and supported. In addition, we reviewed available time records for the eight employees and two officers to determine whether the time records and overtime records supported the compensation paid to employees and officers.

- We reviewed payroll certification forms for all pay periods during the audit period and determined whether the payroll certification was properly authorized and documented.

OSC auditors conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objective. Auditors believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objective.

Questions?

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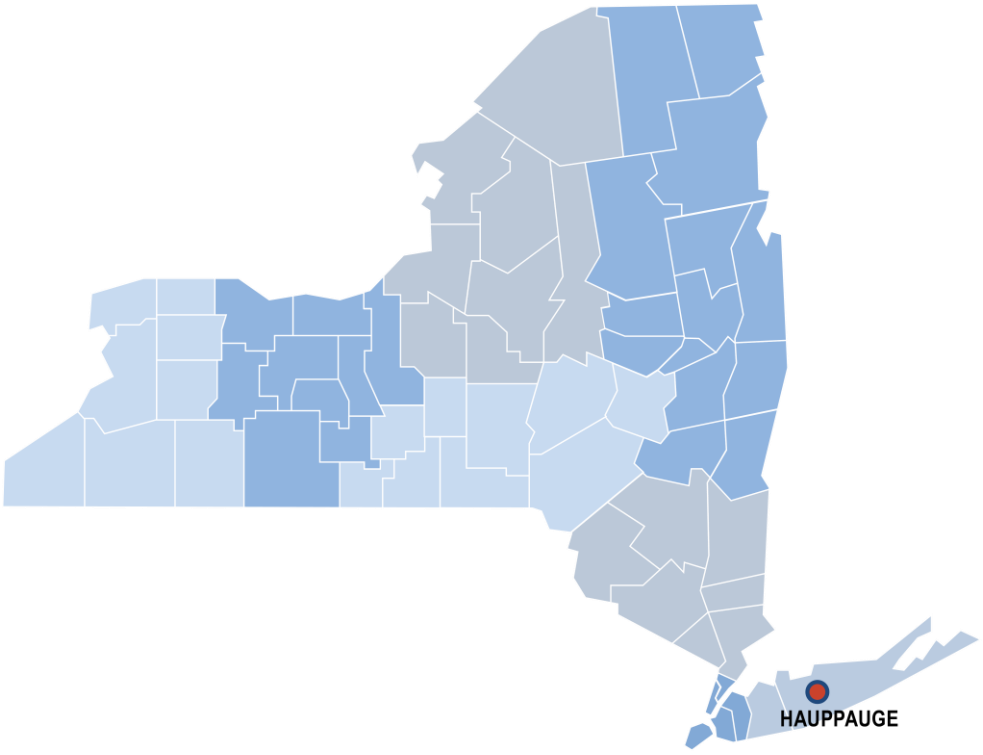

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