

Locust Valley Fire District

Conference and Travel Expenditures

JUNE 2018



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Locust Valley Fire District

Audit Objective

Determine whether conference and travel expenditures were authorized and adequately supported.

Key Findings

- Conference and travel expenditures totaling \$8,396 were not authorized in advance by the Board, as required by District policy.
- Nineteen conference and travel expenditure claims, totaling \$5,080, did not contain proof that the member or employee attended the conference or training.
- The District reimbursed travelers a total of \$244 for mileage and parking that were not supported by the claims documentation.

Key Recommendations

- Ensure that conference and travel expenditures are in compliance with the District's travel policy.
- Consider revising the District's travel policy to require members and employees to submit proof of attending and/or completing the conference or training.

District officials agreed with our recommendations and indicated they plan to initiate corrective action.

Background

The Locust Valley Fire District (District) is a district corporation of the State, distinct and separate from the Town of Oyster Bay in Nassau County. The District provides fire protection and emergency services to approximately 7,500 residents over nine square miles.

An elected five-member Board of Fire Commissioners (Board) governs the District and is responsible for overall financial management. The Board appoints a Treasurer and a Secretary. The Treasurer is the chief fiscal officer responsible for the receipt and custody of District funds. The Secretary is responsible for having custody of all District records, processing travel expenditures and recording the Board minutes.

Quick Facts

2017 Expenditures	\$2.2 million
Conference and Travel Expenditures During Audit Period	\$16,091
Active Members	87

Audit Period

January 1, 2016 – October 31, 2017

Conference and Travel Expenditures

How Should Conference and Travel Expenditures Be Authorized and Supported?

New York State General Municipal Law¹ allows fire districts to pay for actual and necessary expenditures for travel costs incurred for attendance at conferences, conventions or schools by authorized officials, including members and employees. It is important that the Board adopt and enforce formal policies that give clear and specific guidelines with respect to attendance and associated costs for conferences, conventions and schools to minimize the risk of excessive expenditures of public funds. For example, as a good business practice, individuals who attend conferences and conventions should be required to attach proof of attendance to their travel expenditure reports before reimbursements are made.

The District's travel policy includes a list of related expenditures that are reimbursable, including lodging, meal expenditures, mileage for use of personal vehicles,² parking and tolls. The Board must pre-approve in the minutes any travel at the District's expense requested by Chiefs, members and employees. Travelers must submit a travel expense report itemizing all costs (other than per diem expenditures) and supporting those costs with receipts. Chiefs, members and employees electing to travel at their own expense, without Board authorization, will not be considered to be on District business and will not be reimbursed.

Conference and Travel Expenditures Were Not Approved and Adequately Supported

During our audit period, the District paid 31 claims, totaling \$16,091, for conference and travel related expenditures. The Board did not ensure that 28 of these claims, totaling \$12,986, were properly authorized and/or adequately supported before payment.

- The District paid 12 claims totaling \$8,396 for conference and travel expenditures that were not preapproved by the Board, as required by District policy, including:

1 New York State General Municipal Law Sections 72-g and 77-b

2 The District's travel policy authorizes reimbursement for the use of a personal automobile at the standard mileage rate set by the Internal Revenue Service. Per the policy, round trip mileage from the firehouse to the event should be calculated as the shortest route determined through the use of a computer mapping service.

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- o One claim for \$3,672 in April 2017 for the advance payment of 12 hotel rooms to be used three nights each for a FASNY³ conference in Syracuse. The Board did not approve anyone to attend this conference until July 2017. Only six rooms were used during the conference, resulting in an overpayment of \$1,836 that went undetected by officials. When we brought this to District officials' attention, they found that the hotel had reimbursed the Department rather than the District for the unused rooms. Officials explained that the District prepaid the hotel because it does not have a District credit card to reserve rooms. The Department subsequently repaid the District for the unused rooms. However, the Board should not approve payment without an invoice to support the actual expenditures.
 - o Five claims totaling \$2,591 for travel and registration costs associated with various trainings, including a \$1,307 mileage reimbursement claim for travel to and from a training school that the Board did not approve in advance.
 - o Six claims totaling \$2,133 reimbursing the Fire Department (Department) for payments made by members for expenditures incurred at an Emergency Medical Services convention in Syracuse that were authorized by the Department Chief and not the Board.
- The District paid 19 claims, totaling \$5,080, without documentation that the member actually attended the conference or training. Officials told us that 16 of these claims, totaling \$4,590, were for travel to a convention in which the vendor does not issue proof of attendance. For the remaining three claims, totaling \$490, officials could not explain why proof of attendance was not submitted. The District's policy does not require certification of attendance and/or completion to be submitted. Without this evidence, there is no assurance that members and employees attended the conference or training.
 - The District paid eight claims totaling \$4,408 that contained mileage reimbursements that were not adequately supported or accurately calculated, including seven claims that overpaid members and employees \$175 because requests used mileage in excess of the shortest distance from the firehouse and/or included mileage for one to five days more than attendance records supported. One claim underpaid a member \$30 because officials did not use the correct mileage reimbursement rate.

3 Firemen's Association of the State of New York

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- The District paid three claims totaling \$1,440 that contained \$99 in parking charges for which members and employees did not submit parking receipts showing the actual amount paid.

By reimbursing District personnel that attended training and conferences without proper Board approval and reimbursing travel expenditures without supporting documentation, District officials may have incurred costs that were not actual expenditures necessary for District business.

What Do We Recommend?

The Board should:

1. Ensure that conference and travel expenditures are in compliance with the District's travel policy, including:
 - Requiring all conference and travel expenditures be approved in advance by the Board.
 - Calculating mileage for use of personal vehicles using the rates and distance prescribed by the policy.
 - Requiring reimbursement for all costs (except meals) to be supported by receipts, including lodging, parking and tolls.
2. Consider revising the District's travel policy to require members and employees to submit proof of attending and/or completing the conference or training.
3. Develop procedures to reserve hotel rooms without prepaying lodging expenditures.
4. Determine options for recovering money that was inappropriately reimbursed to members and employees.

Appendix A: Response From District Officials

Locust Valley Fire District

Board of Fire Commissioners

228 Buckram Road

Locust Valley, NY 11560

Tel: 516-676-0560

Fax: 516-676-0756

June 5, 2018

Division of Local Government and School Accountability

NYS Office Building, Room 3A10

250 Veterans Memorial Hwy.

Hauppauge, NY 11788-5533

Att: Mr. Ira McCracken, Chief Examiner

Re: Locust Valley Fire District Audit Report No. 2018M-056

Dear Mr. McCracken,

In response to the audit report no. 2018M-056, the Board of Fire Commissioners would like to address the recommendations made by the OSC audit team. We appreciate the professionalism and fairness of the audit team and agree with their findings.

Enclosed please find our Corrective Action Plan (CAP), which provides you with details regarding the four recommendations asserted in the Conference and Travel Expenditures Audit Report. We have addressed each recommendation and offer additional clarification where necessary.

The first recommendation notes that:

- a. Conference attendees did not receive Board approval for conference and travel expenditures before incurring those expenses.
- b. Some expense vouchers did not correctly itemize mileage and/or mileage reimbursement rates.
- c. Some reimbursements were made for costs that were not adequately supported by receipts.

The Board will revise the District Travel Policy to clearly state that:

- a. All conference and travel expenditures must have pre-approval from the Board in advance of travel.

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- b. IRS annual mileage rate sheet will be used when calculating personal vehicle mileage rates.
 - c. No reimbursement will be given unless all expenditures are supported by appropriate receipts.

The second recommendation focuses on members, who did not submit proof of having attended and/or completed a particular conference and/or training. As discussed with the audit team, some members did experience some difficulty with one conference (i.e., FASNY), and other members did not print out attendance/certificate completion documents from the conference website within the prescribed period. We offer a more detailed explanation in the CAP.

The third recommendation pertained to procedures for reserving hotel rooms. Hotels request prepayment for lodging. As we discussed with the auditors, the District does not want to introduce a District credit card, as this may provide an opportunity for fraudulent usage. The auditors agreed that this may become a disadvantage at some future point. We have outlined in our CAP, that members will use their personal credit cards to reserve rooms. This procedure has been done successfully with the 2019 FASNY conference.

The fourth recommendation was to determine options for recovering money that was mistakenly reimbursed to members. The District had prepaid hotel rooms several months in advance for the 2018 FASNY conference. Certain members were not able to attend, and therefore the hotel sent a reimbursement check for the unused rooms. Unfortunately, the hotel refunded the check to the Department instead of the District. The Dept. Treasurer deposited the check in the General Fund. Fortunately, through the audit process, your auditors found this discrepancy. We rectified the situation by requesting the Dept. remit a check to the District for the same amount. This will not happen again, as the District will no longer make any advance payments for hotel reservations.

The details in our CAP should clarify any of your questions and/or concerns. If you have any additional questions, concerns and/or require further documentation, please feel free to contact us at your earliest convenience.

Respectfully submitted,

Peter W. Olson, Ph.D.

Chairman

encl.

cc: File

Locust Valley Fire District

Conference and Travel Expenditures

Audit Report No. 2018M – 056

Revised June 5, 2018

Audit Recommendation 1: The Board should:

The Board should ensure that conference and travel expenditures are in compliance with the District's travel policy, including:

- Requiring all conference and travel expenditures be approved in advance by the Board
- Calculating mileage for use of personal vehicles using the rates and distances prescribed by the policy.
- Requiring reimbursement for all costs (except meals) to be supported by receipts, including lodging, parking and tolls.

Implementation Plan of Action: The Board will:

- Revise the District Travel Policy to include a requirement that all members should submit a request in the form of a voucher for all conference and travel expenditures. The voucher should be completed including the name of the conference, location, purpose, a list of estimated expenditures (e.g., conference, training fees, lodging, mileage, parking, tolls, meals). Said voucher must be reviewed, approved and signed by the Chief of the Dept.
- Revise the District Travel Policy to state that all mileage reimbursement for use of a personal vehicle should be calculated from the Locust Valley Fire District facility located at 228 Buckram Rd., Locust Valley, NY. The reimbursement rate for personal vehicles will be in accordance with the IRS mileage rate for that year. The District Travel Policy will be revised to state that “when members are required to use ground transportation, they are encouraged to use District vehicles to travel on major roadways using the shortest distance from the firehouse to conference and training locations.”
- Revise the District Travel Policy to make it clear to members that all conference and travel costs need to be supported by receipts (e.g., hotel lodging, parking and tolls). If receipts cannot be supported, then that reimbursement will not be paid. In accordance with the District Travel Policy, all meals are to be reimbursed using GSA rates for specific locations.

Implementation Date:

- Implementation of these changes including the revision of the District Travel Policy, new printing of the policy, distribution to membership will be completed on or before August 31, 2018.

Person Responsible for Implementation:

- Treasurer Dana Converse, Commissioner Dominick Scaperotta and Chairman Peter Olson
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Audit Recommendation 2: The Board should:

Consider revising the District's travel policy to require members and employees to submit proof of attending and/or completing the conference or training.

Implementation Plan of Action:

- Revise the District Travel Policy to include a requirement that all members and employees submit proof of attending and/or completing the conference and/or training. "The proof of attendance can be in the form of a receipt that identifies the conference and/or training, a certificate of completion, certificate of attendance or any other official document that can provide definitive proof of attendance."

Implementation Date:

- Implementation of this change including revision of the District's Travel Policy, new printing of the policy, distribution to membership will be completed on or before August 31, 2018.

Person Responsible for Implementation:

- Secretary James Bonislowski, Commissioner Dominick Scaperotta and Chairman Peter Olson
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Audit Recommendation 3: The Board should:

Develop procedures to reserve hotel rooms without prepaying lodging expenditures.

Implementation Plan of Action:

- Before the OSC audit, the Board had decided that the introduction of a District credit card would present more concerns and issues for the District, including the opportunity for fraudulent usage.
- Since the Board declined to apply for a District credit card, and because the Board will no longer permit District funds to be used to prepay hotel rooms, this has become a moot point.
- If a member wants to reserve a hotel room, the member will use their personal credit card.
- In most cases and specifically in the case of the FASNY conference, most of the hotels in the conference or training location will not charge a credit card until the member arrives and checks into the hotel.
- Revise the District Travel Policy to make it clear that “any member who wants to reserve a hotel room for a conference or training in advance should use their personal credit card to reserve the room. Under no circumstances will the District make a prepayment for lodging.”

Implementation Date:

- Revise the District Travel Policy and reprint the policy on or before August 31, 2018.

Person Responsible for Implementation:

- Secretary James Bonislowski and Chairman Peter Olson

Audit Recommendation 4: The Board should:

Determine options for recovering money that was inappropriately reimbursed to members and employees.

Implementation Plan of Action:

- The hotel room reimbursement was a one-time situation where the District prepaid for hotel rooms to reserve them for members attending the 2017 FASNY conference.

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- The Board had made a prepayment to reserve rooms in the form of a check. At the start of the conference many members were not able to attend the conference. This created an overpayment by the District.
 - At the end of the conference, the hotel mailed a refund check addressed to the “Department” instead of the “District.” Upon receipt, the Department Treasurer deposited the check in the Department General Fund.
 - As a result of the audit, the OSC auditors identified this discrepancy. The Board requested the Department Treasurer remit a check to the District for the full refund amount.
 - Since the District will no longer be making any prepayments to reserve hotel rooms this is a moot point.

Implementation Date:

- No action needed

Person Responsible for Implementation:

- No persons needed

Signed:

Peter W. Olson, Ph.D.

Chairman

June 5, 2018

Date

Appendix B: Audit Methodology and Standards

We conducted this audit 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. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed District officials to gain an understanding of the conference and travel process.
- We reviewed the District's travel policy and applicable laws.
- We traced one sample of 10 conference and travel expenditure claims from the financial system to bank statements and check facsimiles and another sample of 10 conference and travel expenditure claims from the check facsimiles and bank statement to the financial system to determine whether financial records were accurate.
- We reviewed all 31 conference and travel expenditure claims paid during our audit period, totaling \$16,091, along with the supporting documentation, to determine whether expenditures were necessary and adequately supported as required by the District's travel policy.

We conducted this performance audit in accordance with GAGAS (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.

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.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/localgov/costsavings/index.htm

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/localgov/planbudget/index.htm

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/localgov/finreporting/index.htm

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/localgov/researchpubs/index.htm

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/localgov/academy/index.htm

Contact

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