

Jamesport Fire District

Length of Service Award Program

APRIL 2019



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

Contents

- Report Highlights 1**

- Length of Service Award Program 2**
 - How Should District Officials Administer Their LOSAP? 2
 - The District’s LOSAP Policy Is Not Consistent With GML 2
 - LOSAP Records Were Inadequate 4
 - What Do We Recommend? 7

- Appendix A – Response From District Officials 8**

- Appendix B – Audit Methodology and Standards 11**

- Appendix C – Resources and Services 12**

Report Highlights

Jamesport Fire District

Audit Objective

Determine if District officials properly administer the length of service award program (LOSAP).

Key Findings

- The District's LOSAP policy is not consistent with New York State General Municipal Law (GML) as the policy does not award points for certain activities in accordance with GML.
- The 2016 and 2017 LOSAP records for 27 members did not sufficiently support 322 points awarded.
- Four members may not have earned the required 50 points to be credited for a year of service.

Key Recommendations

- Revise the LOSAP policy to be consistent with GML.
- Award points based on proper support.

District officials agreed with our recommendations and indicated they are initiating corrective action.

Background

The Jamesport Fire District (District) is a district corporation of the State, distinct and separate from the Town of Riverhead, Suffolk County. The District provides fire protection and community safety for approximately 2,500 year-round residents and approximately 5,000 seasonal summer residents over an area of approximately 10.6 square miles.

An elected five member Board of Commissioners (Board) governs the District and is responsible for overall financial management, including safeguarding resources and overseeing the LOSAP. The Treasurer is responsible for the District's financial affairs, monthly financial reports, and preparing and signing checks. Since January 2016, the District has had three different individuals serving as the Treasurer. Currently, one individual has been appointed by the Board to serve as both the District Secretary (Secretary) and the Treasurer. The Secretary is responsible for recording, reviewing and certifying all LOSAP activity.

Quick Facts

2018 Active Members	74
2018 Budgeted Appropriations	\$881,171
2017 LOSAP Net Assets	\$1.2 million

Audit Period

January 1, 2016 – May 31, 2018

Length of Service Award Program

In 1991, the District created a defined benefit length of service award program (LOSAP) to retain, attract and recruit volunteer firefighters by providing them with a pension-like benefit based upon their years of firefighting service to the District. Participants earn a non-forfeitable right to a service award after being credited with five years of firefighting service and reaching the program's entitlement age of 65. In general, an active firefighter is credited with a year of service for each calendar year which he or she accumulates 50 points. Points are granted for performing certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. Participants receive a benefit of \$20 per month for each year of firefighting service up to 40 years, or a maximum benefit of \$800 per month.¹

How Should District Officials Administer Their LOSAP?

When a fire district sponsors a LOSAP, district officials are required to establish a point system that complies with New York State General Municipal Law (GML).² GML establishes the activities that can be included in a LOSAP point system. Such activities that can be included are participation in department responses, training courses, stand-by and sleep-ins, serving in an elected or appointed position, disability, teaching fire prevention classes and attending certain meetings, drills and certain miscellaneous activities.

Although a fire district can select which activities to include in its point system, in most instances, GML specifies the number of points that can be granted each time an activity is performed and the maximum number of points that can be earned for performing each activity over the course of a year. However, a fire district is under no obligation to include in its point system every activity specified in GML.

District officials are further required to adopt standards and procedures for administering their LOSAP to ensure that records of individual member activities under their point system are complete, accurate and properly documented. Each participating fire company is responsible for maintaining records of individuals' point accumulations, as prescribed by the district. Participation in activities for which points may be granted should be accurately tracked and recorded during the year.

The District's LOSAP Policy Is Not Consistent With GML

The Board adopted its LOSAP policy in November 1992. However, the policy is not consistent with GML. The District's point system includes the following

¹ For example, a firefighter with 10 years of service would receive \$200 per month (\$20 for each of the 10 years).

² New York State General Municipal Law Section 217

10 activities: training, attending drills, sleep-ins, stand-bys, attending meetings, holding an elected or appointed position, disability, teaching fire prevention classes, miscellaneous activities and participating in department responses (both fire and emergency medical services (EMS)). However, the District's policy and various amending Board resolutions are not always consistent with GML because the policy does not award the correct amount of points for certain activities, including: training courses, drills, elected/appointed positions, meetings and miscellaneous activities.

Training Courses – GML authorizes a service award program to provide for volunteer firefighters to earn points for “training courses,” with the number of points earned depending on the duration of the training course (up to a maximum of 25 points). In part, GML provides that a volunteer who attends a training course under 20 hours duration is to earn one point per hour, with a maximum of five hours. Here, the District's point system awards volunteer firefighters a maximum of 20 points for participating in training courses. The policy also indicates a course must be a minimum of one hour. However, members are receiving points for trainings that last just minutes. For example, a member's record shows that on April 24, 2017 he earned three points for attending three hours of training but supporting documentation indicates the trainings were online e-learning programs which took the member a total of 32 minutes to complete: seven minutes for the first training, 10 minutes for the second training and 15 minutes for the final training, which is inconsistent with the three hours recorded in the District's LOSAP system.

Drills – GML authorizes a service award program to provide for volunteer firefighters to earn points for “drills,” with one point per drill (up to a maximum of 20 points). The District's point system allows points for participating in drills (up to a maximum of 20). However, the policy, which has been amended by certain resolutions is inconsistent with GML because it specifically indicates members are required to attend the Suffolk County Fire Academy (SCFA) drill or forfeit annual credit for the entire year. The policy also awards two points for drills lasting over four hours. However, GML permits one point for each drill, with the drills being at least two hours in duration, and has no criteria for requiring members to attend specific drills, such as the SCFA drill, as a requirement to earn a year of LOSAP service credit.

Elected or Appointed Positions – Consistent with GML, the District's point system awards points for various elected or appointed positions up to a maximum of 25. However, the policy is inconsistent with GML because it also awards members 10 points for being a former chief. GML defines an “elected or appointed position” as a line officer, department or company officer and the president, vice president, treasurer and secretary of a fire company or department. The definition does not include former chiefs.

Meeting Attendance – Consistent with GML, the District’s point system awards one point per meeting for attending official fire company meetings, up to a maximum of 20. However, the policy also awards three points to members attending annual inspections and memorial services which is inconsistent with this category of GML.

Miscellaneous – GML authorizes a service award program to provide points for “miscellaneous activities,” with one point per activity (up to a maximum of 15 points). For this purpose, GML defines “miscellaneous activities” as “participation in inspections and other activities covered by the volunteer firefighters’ benefit law and not otherwise listed.” The District’s system awards points for certain miscellaneous activities such as parades, particular fundraising events or funerals to a maximum of 15 points. However, Board resolutions dated 2014 and 2015 include awards of five points each for additional miscellaneous activities such as probationary firefighter coordinator and various fundraising committee positions such as the chairperson of bazaars, boot drives, letter campaigns, raffles and 10K/5K runs. Providing five points for such “miscellaneous activity” is not consistent with GML, which, as previously noted, permits only one point per miscellaneous activity.

Because the District’s adopted LOSAP policy and certain amending resolutions are not consistent with how points are to be awarded pursuant to GML for certain activities, the District is not correctly granting annual service award points to members.

LOSAP Records Were Inadequate

Although District officials established adequate procedures over LOSAP recordkeeping, they did not always ensure that records of individuals’ activities under the point system were complete, accurate and properly documented. During 2016, members were expected to manually sign in on an attendance sheet for each activity attended and after the activity, the Secretary would manually enter the attendance sheet data from the activities into the LOSAP software to keep the total points earned by each member. During 2017, the District put in place a biometric fingerprint reader which members could use for each activity attended. The fingerprint reader electronically tracked each member’s total points earned. However, some members did not use the biometric fingerprint reader. For example, one member in our sample did not use the biometric fingerprint reader for any event in 2017. Instead, all available support for this member was either a manual attendance sheet or scrap slip of paper indicating an event was attended.

We reconciled the 2016 LOSAP software activity records with the manual rosters for 14 active members, who were awarded a total of 1,002 points, to determine whether the District accurately awarded points. We found discrepancies with

236 points (24 percent). All 14 members were found to have one or more of the following discrepancies:

- 79 points³ were awarded but attendance records or other supporting documentation was missing to confirm the points were earned. For example, active members on military leave are generally entitled, with proper documentation to 50 points for each full year, prorated for service of less than a year. However, one member was awarded 60 points for a year of military service, 10 points more than the maximum. Further, the District only obtained documentation for six months of military service. Orders for the remaining six months (or 25 points) of military duty were never provided to the District. Therefore, 35 points should not have been awarded. The Secretary said the Board adopted a resolution for military service for the entire 2016 year even though the member did not submit complete documentation.
- 19 points were incorrectly awarded for trainings, meetings and miscellaneous activities. Although the District's policy permits annual maximums of 20 points for trainings, 20 points for attending meetings and 15 points for miscellaneous activities, three members were awarded points in these categories that exceeded these maximums. For example, one member was awarded 24 points for miscellaneous activities, nine points more than the 15 point maximum.
- 120 points⁴ were supported by attendance records where the member did not sign themselves in. Instead, the members were marked as present by someone else who initialed the sheet or signed the member in as present. For example, on August 8, 2016 a company meeting sign-in sheet indicated 12 members were present for the meeting. However, only one of the 12 individuals signed in. The remaining 11 individuals had their last name hand printed on the sheet with the initials of the individual signing them in as present next to the printed name. The Secretary agreed that members signing each other in for activities does happen. As a result, District officials do not have adequate assurance that the members were actually present at the activities they are signed in for.
- 18 points were earned by 10 members for activities they participated in, but the District did not award the points to the members. For example, one member's LOSAP record indicated he earned, among others, seven training points and four miscellaneous points. However, a review of manual attendance records indicated this individual attended and earned 10 training points, three more than was credited to him, and five miscellaneous points,

3 Includes one or more points to all 14 members tested

4 Includes one or more points to 13 members tested

one more than was credited to him. The Secretary agreed that these points were overlooked and not included in the member's records. She explained that sometimes the manual attendance records do not make it to her desk.

Upon recalculating total points earned for each of the 14 members, we identified one member that did not earn the required 50 points to be credited with a year of service. In spite of the errors, the other 13 members did earn enough points to qualify for the year of service the District certified.

We also reconciled the 2017 LOSAP software activity records with the manual rosters for 14 active members, who were awarded a total of 857 points, to determine whether the District accurately awarded points. We found discrepancies with 86 points (10 percent). Thirteen of the 14 members were found to have one or more of the following discrepancies:

- Sixty-seven points⁵ were awarded but attendance records or other supporting documentation was missing to confirm the points were earned. One member was awarded 60 points for a year of military service, 10 points more than the maximum. Further, the District only obtained documentation to support nine months of military service, orders for the remaining three months (or 12 points) of military duty were never provided to the District. Therefore, 22 points should not have been awarded. The Secretary said the Board adopted a resolution awarding points for military service for the entire period even though the member did not submit complete documentation.
- Five points were awarded inconsistent with the District's policy relating to attending trainings. Although the District's policy permits an annual maximum of 20 points for attending various trainings, one member was awarded 25 points in this category, five points more than the maximum permitted by the policy. The Secretary said the District is currently using a point schedule which has not yet been adopted by the Board.
- Fourteen points⁶ were supported by manual attendance records where the members did not sign themselves in. Instead, they were signed in as present by someone else who initialed the sheet or signed the member in as present. For example, on February 28, 2017 an event sign-in sheet indicates eight members were present. However, only two of the eight individuals signed themselves in. The remaining six individuals have their last name hand printed on the sheet with the initials of the individuals signing them in as present next to the printed name. The Secretary agreed that members signing each other in for activities does happen. As a result, District officials do not have adequate assurance that the members were actually present at the activities they are signed in for.

5 Includes one or more points awarded to 11 of the 14 members

6 Includes one or more points awarded to eight of the 14 members

Upon recalculating total points for each member in the sample, we concluded that three of the 14 members did not earn the required 50 points to be credited for a year of service. In spite of the errors, the other 11 members still appeared to earn enough points to qualify for the year of service the District certified.

Because the District is not always following their adopted policy, points appear to have been awarded that should not have been awarded. As a result of these deficiencies, volunteer firefighters may not be receiving correct LOSAP points for qualifying activities. Therefore, they may not be receiving accurate LOSAP service credit, which may result in the loss of future benefits or in the District incurring more LOSAP costs than necessary.

What Do We Recommend?

The Board should:

1. Review and amend the District's policy and point system, as appropriate, to ensure conformity with GML.

District officials should:

2. Ensure LOSAP points are awarded in accordance with the District's policy and GML.
3. Appropriately adjust certain members' LOSAP credits to accurately reflect their credits earned.
4. Ensure that all points earned are accurately recorded and that sufficient records of the activities are maintained.
5. Discontinue the practice of allowing members to sign in for each other at training or other qualifying events.

Appendix A: Response From District Officials

Jamesport Fire District

Charles Thomas, Chairman

Joseph Szot, Jr., Vice Chairman
John Newman
Mason Haas
Matthew Hattorff



District Mgr. Sean M. McCabe
Secretary-Jessica Harris
Treasurer- Erin Murphy-Apicello

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April 4, 2019

Mr. Ira McCracken
Chief Examiner
Division of Local Government and School Accountability
Office of the State Comptroller
NYS Office Building
Room 3A10, Veterans Memorial Highway
Hauppauge, NY 11788-5533

Re: Report of Examination, Jamesport Fire District;
Length of Service Award Program; Period January 1, 2016 to May 31, 2018;
2019M-05;
Fire District Response and Corrective Action Plan

Dear Mr. McCracken:

This communication is sent as the response of the Board of Fire Commissioners to the draft audit report submitted by your office. We have also detailed the Corrective Action Plan (“CAP”) which we will undertake at our fire district to address the recommendations made by your office. We would like to take this opportunity to thank your office for the professional work done by your auditors in reviewing various aspects of our financial system. Their recommendations made during the audit process and in the report will assist us to improve our financial operation.

We note that the report does not indicate findings of fraud, waste or abuse, and we believe that our current practices and the quality of the personnel that work for us certainly contributed to that result.

The report indicates a number of practices that have been discontinued as a result of adopting a new compliant LOSAP Point System and implementing a new software system to track performance.

The following are our responses to each recommendations stated in your report as well as the corrective action that will be undertaken as to each.

Recommendations:

The Board should:

1. Review and amend the District's policy and point system as appropriate to ensure conformity with the GML.

The Board has adopted a new point system which complies with General Municipal Law §217 and this point system is being applied to the 2018 LOSAP participant performance year and future years. Many of the practices pointed out in the audit were corrected for the 2016 calendar year. In any event, the new system is in place in 2018. The district changed computer software systems for tracking points which has also assisted in correcting deficiencies since the new system tracks General Municipal Law §217.

2. Ensure LOSAP points are awarded in accordance with the District's policy and the General Municipal Law.

The Board has adopted a new point system which complies with General Municipal Law §217 and this point system is being applied to the 2018 LOSAP participant performance year and future years. Many of the practices pointed out in the audit were corrected for the 2016 calendar year. In any event, the new system is in place in 2018. The district changed computer software systems for tracking points which has also assisted in correcting deficiencies since the new system tracks General Municipal Law §217.

3. Appropriately adjust certain members LOSAP credits to accurately reflect their credit earned.

The Board will review the data provided by your office. Article 11-a of the General Municipal Law provides a process for members to appeal denials of credit. It is silent on a right of the fire district to take back credit. The Board will review this process and come up with an equitable plan for addressing this matter.

4. Ensure that all points earned are accurately recorded and that sufficient records of the activities are maintained.

The Board has a process in place where attendance is maintained digitally and supplemented by paper attendance records when the software or hardware does not function properly. The Board will place limitations on the practice of officers submitting paper attendance records and will work to require that members digitally sign in or sign written sheets in order to receive credit.

-
5. Discontinue the practice of allowing members to sign in for each other at training and other qualifying events.

The Board has a process in place where attendance is maintained digitally and supplemented by paper attendance records when the software or hardware does not function properly. The Board will place limitations on the practice of officers submitting paper attendance records and will work to require that members digitally sign in or sign written sheets in order to receive credit.

In summary, this communication shall serve as our response and CAP as required by statute. We will not issue a separate CAP after the report is published and instead will ask your office to accept this letter as the CAP. We will begin making certain that the corrective actions listed are undertaken.

Very truly yours,

CHARLES THOMAS
Chairman

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 objectives⁷ and obtain valid audit evidence, our audit procedures included the following:

- We interviewed District officials, employees and members and reviewed the policies and procedures related to the LOSAP to gain an understanding of how points are tracked, recorded and awarded.
- We compared the policy and amending resolutions of the point system to GML requirements to determine compliance with GML.
- We judgmentally selected records of 28 active members, 14 in 2016 and 14 in 2017 (six members were duplicated and tested in both years), selecting those members close to the 50-point threshold for earning the annual credit. We reviewed all LOSAP records from 2016 and 2017 for selected members to determine the number of points awarded and whether the District had sufficient records supporting the qualifying activities.

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.

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.

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.

⁷ We also issued a separate audit report, Jamesport Fire District – Gasoline Inventory (2019M-04).

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/pubs/cyber-security-guide.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

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