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December 2016

Fred Roberts, President
Members of the Executive Committee
Latham Fire Department
226 Old Loudon Road
Latham, NY 12110

Report Number: 2016M-279

Dear President Roberts and Members of the Executive Committee:

The Office of the State Comptroller works to identify areas where fire department officials can improve their operations and provide guidance and services that will assist them in making those improvements. Our goals are to develop and promote short-term and long-term strategies to enable and encourage fire department officials to reduce costs, improve service delivery and account for and protect their entity's assets.

In accordance with these goals, we conducted an audit of the Latham Fire Department (Department), which addressed the following question:

- Does the Department maintain an adequate recordkeeping system for the Length of Service Awards Program (LOSAP)?

We discussed the findings and recommendations with District officials and considered their comments in preparing this report. The District's response is attached to this report in Appendix A. District officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate, corrective action.

Background and Methodology

The Department, also known as the S.W. Pitts Hose Company of Latham, Inc., was incorporated in 1910. The Department is composed of both volunteer and paid firefighters who provide fire protection services for portions of the Town of Colonie (Town) in Albany County. The Department is governed by an elected five-member Executive Committee (Committee) that is responsible for the Department's overall financial management and overseeing the reporting of member activities for the LOSAP. The Department's 2016 operating budget is approximately \$1.2 million, which is funded primarily through a contract with the Town for fire protection services.

The Town sponsors and funds the Department's defined benefit LOSAP, which is intended to facilitate the recruitment and retention of active volunteers by providing them with a pension-like benefit based upon their years of firefighting service. When a fire department participates in a LOSAP, the plan sponsor establishes a point system that complies with New York State General Municipal Law (GML). Points must be granted in accordance with the point system established by the LOSAP sponsor that must also comply with GML.

The Department is responsible for maintaining LOSAP attendance records, including incident reports, meeting attendance lists and training and drill forms, and for providing a certified list of members to the Town that identifies those who have qualified for service credit under the award program for the previous year.

We examined the Department's LOSAP for the period January 1 through December 31, 2015. We interviewed Department officials and reviewed financial records and Board minutes. We conducted this performance audit in accordance with 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 our 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.

Audit Results

GML sets forth the activities that can be included in the point system. One such activity is participation in department responses. Volunteers may receive 25 points for responding to a minimum number of fire calls (i.e., all calls "other than emergency rescue and first aid squad [ambulance] calls") and an additional 25 points for responding to the minimum number of emergency medical service (EMS) calls (i.e., "emergency rescue and first aid squad [ambulance] calls"). For example, under GML, if a fire department responds annually to 500 or fewer fire calls, then a volunteer must respond to at least 10 percent of the fire calls to receive points. If the fire department responds annually to more than 500 fire calls and less than 1,000 fire calls, then a volunteer must respond to at least 7.5 percent of the fire calls to receive points. The same percentages apply to EMS calls.

Other activities for which points can be awarded include training courses, standbys and sleep-ins, serving in an elected or appointed position, teaching fire prevention classes, attending department meetings and drills and certain miscellaneous activities. In most cases, 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 a given activity over the course of a year.

The Department is required to maintain records of LOSAP activities for program participants on forms prescribed by the Committee. Because volunteers are granted service award points for participating in LOSAP activities, it is essential that the information contained on these forms is

accurately compiled to ensure volunteers earn service award credit to which they are entitled. The volunteers must be awarded a minimum of 50 points within a 12-month period to earn one year of service credit.

The Department did not maintain an adequate recordkeeping system for the LOSAP attendance records and has not established procedures to ensure the information is organized and accurately recorded. Several types of attendance forms are used to track participation in LOSAP activities, including incident reports, call logs and activity sign-in sheets. The Department used a two-part process to enter the information from the activity sheets into a computer program (program) that was used to calculate the total points earned.

First, a member of the paid firefighter staff entered the type of activity and the date of each occurrence into the program and then a volunteer entered the individual volunteers who participated in the activity. Although the fire chief reviewed the activity sheets before the information was entered, there was no process to verify the accuracy of the information entered in the program and no one compared the totals at year-end with the supporting activity sheets. We found that the 2015 activity records were not well organized or indexed within a filing system but were instead stored in no particular order.

We compared LOSAP attendance records (including incident reports, meeting attendance lists, training and drill forms, miscellaneous forms and a list of officers) with the participant activity reports for 22 volunteers.¹ We found that volunteers' points were inaccurately recorded. As a result, volunteers were inaccurately awarded points as follows:

- Twelve volunteers were awarded 129 fewer points than they were entitled to. For example, one volunteer received 16 points less for miscellaneous activities than was earned based on the activity records and one volunteer was not awarded 17 points for drills and one point for miscellaneous activities that he was entitled to.
- Ten volunteers were awarded a total of 87 more points than they were entitled to.² For example, one volunteer was awarded 25 points more for external training activities than was earned based on the activity records

These inaccuracies did not affect the overall LOSAP service credit awarded to the members because the discrepancies in the participants' points that we identified did not cause any member to incorrectly exceed or fall short of the 50 point threshold required to earn one year of service credit. We also found that there were no instances where errors impacted the accuracy of service credits awarded.

These inaccuracies occurred and were not detected by Department officials because the Committee did not establish an organized recordkeeping system to maintain LOSAP activity records or

¹ Using an electronic random sampling tool, we chose LOSAP records to review for 12 volunteers, which represented approximately 10 percent of the total population of records for 116 volunteers. We also judgmentally selected a sample of LOSAP records to review for 10 volunteers who received between 45 and 55 points toward accrued service credit.

² Eight of these volunteers were also included in those that were inaccurately awarded fewer points for certain activities. When combined, volunteers were awarded 47 points less and five points more than they were entitled to.

procedures to ensure the activities are accurately recorded. As a result, Department officials lack assurance that volunteers were awarded the appropriate number of points and accurately awarded one year of service credit.

Recommendations

Department officials should:

1. Establish an adequate recordkeeping system for the LOSAP attendance records to ensure the information is better organized and accurately recorded.
2. Ensure the information entered in the computer program is compared to the supporting documentation to verify accuracy.

The Committee 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. 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.

We thank the officials of the Latham Fire Department for the courtesies and cooperation extended to our auditors during this audit.

Sincerely,

Gabriel F. Deyo
Deputy Comptroller

APPENDIX A

RESPONSE FROM DEPARTMENT OFFICIALS

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



LATHAM FIRE DEPARTMENT

*"The Oldest Volunteer Fire Company Serving the Town of Colonie"
Organized 1910*

November 4, 2016

Office of the State Comptroller
Division of Local Government & School Accountability
PSU-CAP Submission
110 State Street, 12th Floor
Albany, NY 12236

Reference: **Combined Audit Response and Corrective Action Plan (CAP)
Report Number: 2016M-279**

Ladies and Gentlemen:

We have received the draft audit report dated October 2016 as well as the brochure for response preparation. We find that the audit report provided to us permits a combined response and this letter serves as both the Audit Response and the Corrective Action Plan.

Audit Response:

We are pleased that the audit confirmed that there were no deficiencies in our normal operations relating to our finances and internal controls. We are also pleased that the while the audit uncovered deficiencies in our point system relating to the Length of Service Award Program (LOSAP) that none of those deficiencies had resulted in the award of a benefit to an undeserving firefighter or the non-award of a benefit to a deserving firefighter. We acknowledge that the record keeping processes within the LOSAP need to be improved so that these deficiencies do not continue as there eventually would be an unfair impact to some future firefighter if the records are not accurately maintained and checked at year end.

Corrective Action Plan

The following information is provided as called for in your Corrective Action Plan template:

Unit Name: The S.W. Pitts Hose Company of Latham, N.Y., Inc.
Audit Report Title: None Provided
Audit Report Number: **2016M-279**

The S.W. Pitts Hose Company agrees with the findings as reported and concurs in the recommendations. A process to verify the accuracy of the information entered in the LOSAP and to compare the totals at year-end with the supporting activity sheets has been put in place and will be handled independently by either the Chief's office or the paid administrator. The activity records will be

better organized and indexed within the filing system being established for this purpose. The corrective action is now being implemented and will be effective for the LOSAP analysis done at year end 2016.

We sincerely appreciate the efforts of the audit team from the Comptroller's office. The team was courteous at all times and helpful on many items.

Very truly yours,

Fred Roberts, President