



# Bohemia Fire District

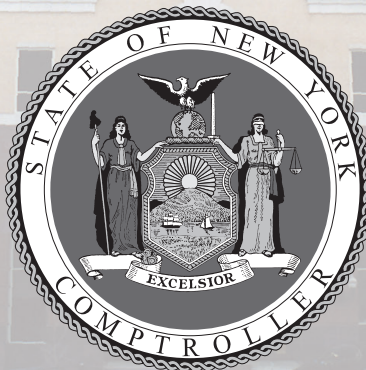
## Purchasing and Employee Overtime Costs

### Report of Examination

Period Covered:

January 1, 2015 – September 30, 2016

2017M-158



Thomas P. DiNapoli

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# State of New York Office of the State Comptroller

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## **Division of Local Government and School Accountability**

November 2017

Dear Fire District 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 Fire Commissioner 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 Bohemia Fire District, entitled Purchasing and Employee Overtime Costs. 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*



## State of New York Office of the State Comptroller

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### EXECUTIVE SUMMARY

The Bohemia Fire District (District) is a district corporation of the State, distinct and separate from the Town of Islip, in Suffolk County. The District covers approximately 12 square miles and provides fire protection and emergency services for approximately 10,000 residents. District expenditures in 2015 totaled \$3.8 million,<sup>1</sup> of which \$441,569 was for salaries and wages. Expenditures in 2016 totaled \$3 million, of which \$471,054 was for salaries and wages. The District's budgets are funded primarily by real property taxes and payments in lieu of taxes (PILOTS).

The Board of Fire Commissioners (Board) is composed of five elected members, who are responsible for the District's overall financial management and safeguarding its resources. The Board retains purchasing authority, and is responsible for ensuring that competition is sought when purchasing goods and services. The Board has appointed an individual as both Secretary and Treasurer (Secretary/Treasurer). The Secretary/Treasurer is the District's chief fiscal officer and is responsible for the receipt and custody of District funds, disbursing and accounting for those funds, preparing monthly and annual financial reports and meeting any other reporting requirements, processing of payrolls and keeping a complete and accurate record of the proceedings of each Board meeting and all Board-adopted rules and regulations.

#### **Scope and Objective**

The objective of our audit was to examine the District's purchasing procedures and employee overtime for the period January 1, 2015 through September 30, 2016. Our audit addressed the following related questions:

- Did the District use competitive methods to ensure that goods and services were obtained at the best price?
- Did District officials ensure that the District incurred only necessary overtime costs?

#### **Audit Results**

District officials did not always use competitive methods when procuring goods and services. The District did not use competitive bidding for purchases totaling \$64,405 from two vendors. In addition, the District made payments totaling \$231,174 to 20 vendors without obtaining the required number of

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<sup>1</sup> Includes general fund expenditures totaling \$1,931,524. This also includes Industrial Zone and Capital Reserve expenditures that are not part of the general fund budget, totaling \$1,521,412 and \$366,156.

quotes as required by the District’s purchasing policy. The Board did not follow its own procurement policy because at the District’s organizational meeting each year, the Board appointed<sup>2</sup> specific vendors to provide goods and services for the year, without obtaining competition. As a result, the Board does not have adequate assurance that these goods and services were procured in the most economical way and in the best interests of the taxpayers.

We also found that District officials did not ensure that the District is incurring only necessary overtime costs. During the audit period, the District paid \$121,129 to five employees,<sup>3</sup> including the Supervisor, for overtime worked. Officials explained that most overtime costs resulted from overtime being “built-in,” meaning that the work schedules for the three full-time attendants included an eight-hour shift on a weekend day which resulted in overtime. While the Board-adopted resolution states that employees must obtain a Board member approval before working overtime hours, the scheduled overtime was not Board-approved.

### **Comments of District Officials**

The results of our audit and recommendations have been discussed with Officials, and their comments, which appear in Appendix A, have been considered in preparing this report.

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<sup>2</sup> There were 20 appointed vendors in 2015, and 21 appointed vendors in 2016.

<sup>3</sup> The three full-time housemen, the Supervisor and one per-diem houseman

# Introduction

## Background

The Bohemia Fire District (District) is a district corporation of the State, distinct and separate from the Town of Islip, in Suffolk County. The District provides fire protection and other emergency services, covers approximately 12 square miles and serves approximately 10,000 residents. District expenditures in 2015 totaled \$3.8 million,<sup>4</sup> of which \$441,569 was for salaries and wages. Expenditures in 2016 totaled \$3 million, of which \$471,054 was for salaries and wages, and were funded primarily by real property taxes and payments in lieu of taxes (PILOTS). As of September 30, 2016, there were approximately 80 volunteer firefighters.

The Board of Fire Commissioners (Board) is composed of five elected members, who are responsible for the District's overall financial management and safeguarding its resources. The District's purchasing policy makes the Board responsible for purchasing. The Board has appointed an individual as both Secretary and Treasurer (Secretary/Treasurer). The Secretary/Treasurer is the District's chief fiscal officer and is responsible for the receipt and custody of District funds, disbursing and accounting for those funds, preparing monthly and annual financial reports, meeting other reporting requirements and processing payrolls. Additionally, the Secretary/Treasurer is responsible for keeping a complete and accurate record of Board meetings and all Board-adopted rules and regulations. The Senior Houseman (Supervisor) supervises three other full-time attendants, as well as other custodial and maintenance employees.<sup>5</sup>

## Objective

The objective of our audit was to examine the District's purchasing procedures and employee overtime for the period January 1, 2015 through September 30, 2016. Our audit addressed the following related questions:

- Did the District use competitive methods to ensure that goods and services were obtained at the best price?
- Did District officials ensure that the District incurred only necessary overtime costs?

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<sup>4</sup> Includes general fund expenditures totaling \$1,931,524. This also includes Industrial Zone and Capital Reserve expenditures that are not part of the general fund budget, totaling \$1,521,412 and \$366,156.

<sup>5</sup> This includes housemen, maintenance mechanics, custodians and the Fire Protection assistant, all of whom work either on a part-time or per diem basis.

## **Scope and Methodology**

We examined the District's purchasing procedures and use of employee overtime for the period January 1, 2015 to September 30, 2016. 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 District Officials and Corrective Action**

The results of our audit and recommendations have been discussed with Officials, and their comments, which appear in Appendix A, have been considered in preparing this report. Except as specified in Appendix A, District officials generally agreed with our recommendations and indicated they planned to take corrective action. Appendix B includes our comments on the issues raised in the District's response letter.

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. 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. The Board should make the CAP available for public review in the Secretary/Treasurer's office.



## Purchasing

An effective purchasing process can help the District obtain services, supplies and equipment of the right quality and quantity at the best price and in compliance with Board policy and legal requirements. The primary purpose for obtaining bids, quotes and proposals is to encourage competition when purchasing supplies, equipment and services that will be paid for with public funds. The use of competition provides the greatest assurance that goods and services are procured in the most prudent and economical manner, goods and services of desired quality are being acquired on the most favorable terms and conditions and procurement is not influenced by favoritism, extravagance, fraud or corruption.

District officials did not always use competitive methods when procuring goods and services. The District did not use competitive bidding for purchases totaling \$64,405 from two vendors. In addition, the District made payments totaling \$231,174 to 20 vendors without obtaining the required number of quotes as required by the District's purchasing policy. The Board did not follow its own procurement policy because at the District's organizational meeting each year, the Board appointed<sup>6</sup> specific vendors to provide goods and services for the year, without obtaining competition. As a result, the Board does not have adequate assurance that these goods and services were procured in the most economical manner.

### Competitive Bidding

General Municipal Law (GML) requires the Board to award purchase contracts involving an expenditure of more than \$20,000 to the lowest responsible bidder or on the basis of best value (i.e., competitive offer) and contracts for public work involving expenditures of more than \$35,000 to the lowest responsible bidder. District officials must consider the aggregate amount reasonably expected to be spent on the same commodities, services or technology within the fiscal year, whether from a single vendor or multiple vendors. GML allows exceptions to competitive bidding for items purchased under the bidding thresholds, under State or county contracts or for purchases available from only one source (sole source). If the District chooses to procure from a sole-source vendor, it must retain supporting documentation to indicate proof of the sole-source justification.

The District paid 10<sup>7</sup> vendors approximately \$2.2 million during our audit period for purchases of goods and services that exceeded the statutory bid threshold. Two vendors, which had been appointed by

<sup>6</sup> There were 20 appointed vendors in 2015, and 21 appointed vendors in 2016.

<sup>7</sup> Not including professional service providers



the Board as providers of their respective goods and/or services, were paid \$64,405 without using a competitive bid process. The District paid one vendor \$33,194 in 2015 for the purchase and installation of air conditioning units. The Board treated the purchase and installation of air conditioner units for separate rooms<sup>8</sup> of the headquarters building as separate purchases. Another vendor was appointed as the provider of uniforms and uniform accessories. In 2015, the District exceeded the bidding threshold, with aggregate spending totaling \$31,211.

One of the goals of competitive bidding is to solicit competition from qualified, responsible potential bidders. The District paid \$1,383,196 to four vendors for purchases of an aerial vehicle (\$1,233,000), a chief's vehicle (\$70,000), an LED sign project (\$37,996) and for a siren project (\$42,200), after advertising for the required bids. However, three<sup>9</sup> of the four bids, resulted in only one vendor submitting a response. The District received two responses for the siren project and selected the lower of the two bids.

For example, the District originally received one bid for the chief's vehicle in October 2014,<sup>10</sup> which they rejected. Officials advertised the bid again without making any changes to the specifications or advertising. In November 2014, they again received a single bid from the same vendor who submitted a bid in October with a lower price and this bid was accepted. While the District met the minimum requirements for advertising the vehicle, had officials made an effort to attract as many bidders as possible, such as by more broadly advertising for bids and notifying all known prospective bidders, it may have increased the number of bids received and improved the chances of achieving a better price.

Because District officials did not ensure that there was competition for all purchases requiring competitive bidding, they do not have adequate assurance that they are obtaining services with the most favorable prices, and cannot be assured that goods and services were obtained at the desired quality, most favorable cost and in the most prudent and economical manner.

## Competitive Quotes

GML states that goods and services that are not required by law to be bid, must be procured in a manner to ensure the prudent and economical use of public money in the District's best interests. GML requires the Board to adopt written policies and procedures for the procurement of goods and services that are not subject to competitive bidding, such as items that fall under the bidding threshold.

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<sup>8</sup> Officer's room, Chief's room, Dispatch room and Commissioner's room

<sup>9</sup> The aerial vehicle, chief's vehicle and LED sign project

<sup>10</sup> Although the bid responses were received in 2014, prior to our audit period, the delivery and payment occurred during our audit period in 2015.

The Board-adopted procurement policy requires that quotes or written proposals be obtained for purchases that do not require competitive bidding. Two verbal quotes are required for purchase contracts between \$3,500 and \$9,999 and public works contracts between \$10,000 and \$19,999, and three written or faxed quotes for purchase contracts between \$10,000 and \$19,999 and public works contracts between \$20,000 and \$34,999. The policy does not require quotes for purchase contracts below \$3,500 and public works contracts below \$10,000. Documentation is required for all actions taken in connection with procurement.

There were 32 vendors who were paid a total of \$395,751 and were subject to the competitive quote thresholds established by the District's purchasing policy. We reviewed claim voucher packets and Board minutes, and found that the required quotes for purchases made from 20 vendors totaling \$231,174 were not obtained.

- Five vendors, paid \$69,836, were appointed by the Board at the annual reorganization meeting. For example, in 2016 the District paid a vendor \$19,507 to replace the boiler at the substation. The purchasing policy requires three written quotes. However, District officials obtained one written quote from the vendor that was used. In addition, in 2015 the District paid the vendor an additional \$6,332 for heating fuel without obtaining two verbal quotes as required by the District's purchasing policy. This vendor was appointed by the Board as the "oil heat contractor at the substation."
- Eight vendors<sup>11</sup> were paid \$96,135 for purchases that required three written quotes and the District either obtained one quote from the vendor who supplied the goods or services or no quotes. For example, in May 2015 the District paid a vendor \$9,735 for roof repair. They made a second payment of \$8,985 in December 2015 to the same vendor to repair a different section of the same roof.
- Eighteen vendors were paid \$135,039 for purchases that required two verbal quotes and the District either obtained one quote from the vendor who supplied the goods or services or no quotes. For example, a coffee vendor was paid \$8,589 during our audit period for monthly coffee delivery, the policy required two verbal quotes each year. Officials did not obtain any quotes.

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<sup>11</sup> Some vendor payment amounts in 2015 and 2016 met different quote thresholds in each year. Therefore, the total does not equal 20.

District officials did not ensure that competition was obtained, and did not consistently document their rationale and any exceptions to GML that may have applied. Additionally, the Board did not comply with its own procurement policy by appointing vendors at reorganization meetings for the purchase of goods and services without obtaining competition. By not soliciting competition for goods and services, District officials do not have adequate assurance that they are obtaining goods and services at the best price.

## **Recommendations**

The Board should:

1. Ensure that District officials comply with competitive bidding requirements when purchasing goods and services or entering into public works contracts that exceed bidding thresholds established by GML.
2. Ensure that it complies with its adopted procurement policy by obtaining the required number of written quotes, RFP's or verbal quotes for purchase contracts and public work contracts that are not required by GML to be publicly bid. Quotes should be maintained with the documentation supporting the claim.
3. Discontinue the practice of pre-selecting vendors to provide goods or perform services for the District.

## Employee Overtime Costs

A payroll system with adequate internal controls should include policies and procedures that require prior written approval and justification for overtime. Adequate planning and preapproval of overtime helps to ensure that the District incurs only necessary overtime costs.

The District does not have any written policies or procedures related to hours worked and overtime.<sup>12</sup> However, the Board adopts a resolution each year at the reorganization meeting that states that all overtime costs incurred by eligible employees during each work week<sup>13</sup> shall be paid at the rate of time and one-half for all hours worked above 40 hours, and that overtime will be assigned by the Supervisor. It also states that employees must obtain Board member approval before working overtime hours. The Supervisor oversees three full-time attendants, four per diem attendants and three part-time custodians. Attendants are primarily responsible for dispatching alarm calls and maintaining the facilities, equipment and grounds according to the District's needs.

Officials did not ensure that the District is incurring only necessary overtime costs. There is also no documented prior approval of overtime by a Board member for employees. Therefore, the Supervisor assigns his own overtime without Board approval.

During the audit period, the District paid \$121,129 to five employees<sup>14</sup> for 3,239 hours of overtime worked. The Supervisor and three full-time attendants accounted for 3,219 hours or 99 percent of the overtime hours. Of this amount, the Supervisor was paid \$22,874 for 527 hours of overtime. Officials explained that most overtime costs resulted from overtime being "built-in," meaning that the work schedules for the three full-time attendants included an eight-hour shift on a weekend day which resulted in overtime.

During the audit period, the three full-time attendants were scheduled to work 40 hours Monday through Friday and an additional eight hours of overtime on either Saturday or Sunday.<sup>15</sup> The full-time Supervisor did not have built-in overtime, but received overtime pay for hours

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<sup>12</sup> District employees are not covered by a collective bargaining agreement.

<sup>13</sup> The District operates on a 24-hour basis, and the work week runs from Saturday to Friday.

<sup>14</sup> The three full-time housemen, the Supervisor, and one per-diem houseman

<sup>15</sup> Towards the end of our audit period one full-time attendant was scheduled for eight hours of overtime every other weekend, rotating with a per-diem employee.

beyond his scheduled eight-hour shift. Officials explained that for a number of years attendants' schedules have incorporated a sixth day, paid at the overtime rate, because they wanted reliable people to perform these duties on weekend shifts. However, during the audit period, the District employed four part time per-diem attendants, who could be paid at the regular rate of pay during weekend shifts. If the District used per-diem attendants instead of using a full-time attendant, the District could have achieved more than \$69,000 in cost savings during the audit period.

Officials explained that overtime can occur during the regular work week due to District or fire department functions such as parades and ceremonies, extra grounds-keeping responsibilities due to snow and leaf removal, performing work details, dispatching an alarm call during a shift change and providing coverage when vehicles and apparatus are having preventive maintenance and inspections performed on them. However, the Board has not prepared, adopted or implemented policies and procedures that give guidance as to when overtime can be incurred and the approval process.

We selected and examined eight weeks of payroll records from November 2015 and July 2016,<sup>16</sup> and found that the District paid the three full-time attendants and the Supervisor 254 hours of overtime, costing the District \$9,503. During the selected pay periods, 176 hours of the overtime was scheduled and 78 hours was discretionary. None of the discretionary overtime was pre-approved by the Supervisor or a Board member or documented with a reason that could justify the necessity of the overtime. Additionally, the Supervisor worked overtime, without providing a reason, or seeking documented approval from the Board. Without such approval and oversight, by the Board, there is an increased risk that the Supervisor's overtime may not be necessary or actually worked.

Because the Board has not adopted overtime policies, there are no procedures in place to ensure that overtime is documented and approved prior to the occurrence of overtime. As a result, the District may be paying more in overtime costs than necessary.

## Recommendations

The Board and District officials should:

4. Adopt policies and procedures to properly control and monitor overtime by approving and providing justification for overtime prior to the work being performed.
5. Determine whether overtime can be reduced by rearranging work shifts and scheduling part-time and per diem personnel.

<sup>16</sup> See Appendix C for a detailed methodology.

## **APPENDIX A**

### **RESPONSE FROM DISTRICT OFFICIALS**

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





October 26, 2017

Office of the State Comptroller  
250 Veterans Memorial Highway Suite 3A-10  
Hauppauge, NY 11788

Re: Written Response to Draft Audit Report  
and Corrective Action Plan

Dear Chief Examiner:

Please accept this as the Bohemia Fire District's Official Written Response to your Draft Audit Report and is also to serve as their Corrective Action Plan. We shall itemize our responses in the same order as in your report.

**FINDINGS:**

**PURCHASING -**

**Competitive Bidding** – We cannot disagree more strongly with most of your findings with respect to Competitive Bidding. Simply put, the Bids for the aerial, chief's vehicle, LED sign, and siren project were all properly bid. While it is true that the District only received one bid each for three of these items, that is not due to any failure on the part of the District.

See  
Note 1  
Page 17

You commented that: "While the District met the minimum requirements for advertising the vehicle, had officials made an effort to attract as many bidders as possible, such as by more broadly advertising for bids and notifying all known prospective bidders, it may have increased the number of bids received and improved the chances of achieving a better price." [Emphasis added.]

We point out that the "minimum requirements" are in fact the statutory requirements – there are no others. That is the appropriate and only standard by which we may be judged. The suggestion that somehow we "may have" increased the bids received is specious at best and leaves us to wonder if the Comptroller now expects local governments to play a game of "what if" with municipal finances. That is not how it works, as we understand it.

General Municipal Law § 103 (1) and (2) read in relevant part:

1. Except as otherwise expressly provided by an act of the legislature or by a local law adopted prior to September first, nineteen hundred fifty-three, all contracts for public work involving an expenditure of more than thirty-five thousand dollars and all purchase contracts involving an expenditure of more than twenty thousand dollars, shall be awarded by the appropriate officer, board or agency of a political subdivision or of any district therein including but not limited to a soil conservation district to the lowest responsible bidder furnishing the required security after advertisement for sealed bids

2. Advertisement for bids and offers shall be published in the official newspaper or newspapers, if any, or otherwise in a newspaper or newspapers designated for such purpose and may be published in the procurement opportunities newsletter pursuant to article four-C of the economic development law.

A plain reading of the statute reveals two things: 1.) we are required to award the bid to the lowest responsible bidder; and 2.) advertisement for bids “shall be published”, etc. This Fire District met both of these statutory standards at all times.

Finally, we observe your finding that: “Because District officials did not ensure that there was competition for all purchases requiring competitive bidding, they do not have adequate assurance that they are obtaining services with the most favorable prices, and cannot be assured that goods and services were obtained at the desired quality, most favorable cost and in the most prudent and economical manner.”

This is simply nonsense. The Fire District did exactly what the State requires it to do, and in fact, what the State itself does, to ensure competition.

See  
Note 1  
Page 17

Regarding the purchase of A/C units, while the District does not dispute your findings we point out certain exigent circumstances. The air conditioner units failed at two completely different times. When the first failed, in June 2015, the District believed it would only be purchasing one and under emergency circumstances at that inasmuch as the temperature was hitting the high 80's. Unfortunately, again, in August 2015 a second unit stopped working and again, due to temperatures in the 90's, it was an emergency purchase. Complicating matters is the fact we had already secured a contract price and service contract with another vendor for the first unit. Accordingly, it was not cost effective at that point to change vendors and it was cost effective to replace the third unit before it too was an emergency replacement.

**Competitive Quotes** – The Fire District generally agrees with your office's findings with respect to its use of its Procurement Policy during this period of time. We note that, while it is not an excuse, the Fire District's highly competent, experienced, long-term Secretary/Treasurer was seriously ill during this period and there is no doubt that her occasional absence contributed to our lack of full compliance.

## **CORRECTIVE ACTION PLAN**

**Unit Name: Bohemia Fire District**

**Audit Report Title: Purchasing and Employee Overtime Costs**

**Audit Report Number: 2017M-158**

### **Recommendations:**

1. Ensure that District officials comply with competitive bidding requirements when purchasing goods and services or entering into public works contracts that exceed bidding thresholds established by GML.

**Response:** The Fire District will continue to abide by all state laws when dealing with competitive bidding. In the event that a purchase should occur as a result of an emergency the District will be certain to properly document the emergency circumstances. Our new Secretary will receive specific training on this point.

2. Ensure that it complies with its adopted procurement policy by obtaining the required number of written quotes, RFP's or verbal quotes for purchase contracts and public work contracts that are not required by GML to be publicly bid. Quotes should be maintained with the documentation supporting the claim.

**Response:** The Fire District will be sure to comply, and demonstrate compliance with its Procurement Policy. All Fire District officers and employees will be reminded of their obligations with respect to this matter, and the District will require the mandatory use of a Procurement Policy Worksheet, prepared by its attorney, effective January 1, 2018.

3. Discontinue the practice of pre-selecting vendors to provide goods or perform services for the District.

**Response:** Effective immediately, the Fire District will discontinue this practice to be sure that all goods and/or services are properly procured.

### **EMPLOYEE OVERTIME COSTS -**

The Fire District understands, and does not object to, the Comptroller's findings with respect to overtime, but is concerned that its practices are not adequately understood in turn. In particular, the District feels very strongly that the manner in which it uses overtime is very cost effective to the District.

For instance, the additional (built-in) shift each week exists for the express purpose of allowing the District to have certain work performed that requires specialize skill and training that a per diem employee cannot perform. Much of the overtime incurred is due to weather related conditions and is this unpredictable. It is simply not cost effective to hire additional full-time employees to cover such events.

## CORRECTIVE ACTION PLAN

### Recommendations:

4. Adopt policies and procedures to properly control and monitor overtime by approving and providing justification for overtime prior to the work being performed.

**Response:** The Fire District has already installed a time clock for employees in order to better track all time worked. In addition, the District has already instituted the use of overtime approval sheets to record justification and pre-approval of overtime. Finally, the Treasurer will adopt coding, no later than January 1, 2018, so that overtime sheets will match payment records.

5. Determine whether overtime can be reduced by rearranging work shifts and scheduling part-time and per diem personnel.

**Response:** The Board of Fire Commissioners will, no later than January 1, 2018, review its overtime policies and needs to determine whether, and to what extent, overtime can be reduced.

Very truly yours,

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~~RAYMOND AUDETT~~, Chairman

## **APPENDIX B**

### **OSC COMMENT ON THE DISTRICT'S RESPONSE**

#### **Note 1**

Our finding concerning competitive bidding is that the District did not adhere to competitive bidding requirements for two purchases totaling \$64,405. Other purchases above the bidding threshold met the minimum requirement for advertising, but the District did not receive alternative bids. Our report suggested Officials look for ways, in their bidding practices, to encourage competition. Without competition, Officials cannot be sure that goods and services are acquired in the most economical manner.



## APPENDIX C

### AUDIT METHODOLOGY AND STANDARDS

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

- We reviewed policies, board minutes and conducted interviews with Officials to gain an understanding of procedures in place over the purchasing area.
- We obtained cash disbursement data and grouped the data by vendor into different categories based on payment amounts: sorted by payment amounts greater than the minimum GML purchase contract threshold of \$20,000; vendors that appeared to be professional services (sorted by vendor name); vendors with payments that required competitive quotes (sorted by dollar amounts into specific ranges specified by the District's Purchasing Policy, excluding amounts less than \$3,500 and greater than \$20,000); and vendors specifically "appointed" by the Board to provide the District with goods and services (judgmentally selected after matching up the name to the Board Resolution that appointed the vendors.)
- We reviewed available records and supporting documentation such as claim voucher packets, bid packages and Board minutes to determine if the District used competitive measures for vendors that required competitive bids or quotes, or sought competition for vendors that it had "appointed" to provide respective goods and/or services.
- We reviewed Board minutes, policies or directives, payroll records, and held discussions with Officials to gain an understanding of procedures for scheduling of overtime, as well as the extent of monitoring, approval and documentation of overtime costs.
- We obtained a list of employees, and documented the schedules of full-time employees that earned overtime as well as any other employees that could potentially earn overtime.
- We obtained job descriptions from the Suffolk County Department of Civil Service to determine the duties of the Supervisor and attendant positions, and documented employee earnings.
- We reviewed payroll journals for full-time employees over the entire audit period and determined the amount of overtime paid.
- We judgmentally selected all weekly payroll records from November 2015 and July 2016, to determine scheduled overtime versus discretionary overtime, if overtime payments were approved, and if the rationale for overtime was documented. We selected the payrolls from these two months in order to avoid any "atypical" periods that could have overtime payments resulting from seasonal needs (e.g., snow removal).
- We calculated cost savings that the District could have achieved, if the District had used part-time or per-diem employees paid at a lesser hourly rate instead of using full-time employees.



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

## **APPENDIX D**

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**APPENDIX E**  
**OFFICE OF THE STATE COMPTROLLER**  
**DIVISION OF LOCAL GOVERNMENT**  
**AND SCHOOL ACCOUNTABILITY**

Andrew A. SanFilippo, Executive Deputy Comptroller  
Gabriel F. Deyo, Deputy Comptroller  
Tracey Hitchen Boyd, Assistant Comptroller

**LOCAL REGIONAL OFFICE LISTING**

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