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December 19, 2014

Howard Reiss, Fire Chief
Members of the Board of Commissioners
Fairview Fire District
19 Rosemont Boulevard
White Plains, NY 10602-1680

Report Number: 2009M-211-F

Dear Mr. Reiss and Members of the Board of Commissioners:

One of the Office of the State Comptroller's primary objectives is to identify areas where local government officials can improve their operations and provide guidance and services that will assist them in making those improvements. This Office also works to develop and promote short-term and long-term strategies to enable and encourage fire district officials to reduce costs, improve service delivery and account for and protect their fire district's assets. In accordance with these objectives, we conducted an audit of the Fairview Fire District (District) to assess the financial operations of the District. As a result of our audit, we issued a report in March 2010, identifying certain conditions and opportunities for District management's review and consideration.

To further our policy of providing assistance to local governments, we revisited the District on September 5, 2014 to review the District's progress in implementing our recommendations. Our follow-up review was limited to interviews with District personnel and inspection of certain documents related to the issues identified in our report. Based on our limited procedures, it appears that the district has fully implemented the two recommendations made in our audit report.

Recommendation 1 – Payroll Policy and Procedures

The Board should adopt written policies and procedures to provide guidance over payroll recordkeeping and reporting activities, which address the current lack of segregation of duties.

Status of Corrective Action: Fully Implemented

Observations/Findings: The Board adopted a payroll policy on April 4, 2010 and a revised policy on August 14, 2014. The policy provides guidelines to ensure the accuracy of the payroll function. The policy identifies officials who are responsible for the payroll functions of permanent appointments, non-permanent appointments, new hires, salary changes, time and attendance

records, payroll preparation, distribution of paychecks, bank reconciliations, and budgetary and financial records.

District officials have also established procedures to ensure a proper segregation of duties. The Treasurer is responsible for payroll recordkeeping, which entails inputting time worked and posting payroll to the accounting system. The Chief and/or Senior Clerk/District Secretary reviews payrolls for accuracy, the payroll contractor processes payrolls and direct deposit transactions and the Chief certifies payrolls and distributes the checks and paid stubs. Finally, every month the Finance Committee reviews the last payroll of the month.

Recommendation 2 – Payroll Oversight

The Board should negotiate all employment agreements, ensure that all payroll changes are authorized before payment is made and verify that the monthly payroll is properly and accurately calculated and prepared.

Status of Corrective Action: Fully Implemented

Observations/Findings: We reviewed all six of the District's individual employment agreements currently in effect and found that the Board negotiated all six employment agreements. In addition, the Board approves all appointments, which are properly documented in the meeting minutes. Furthermore, the Chief or his designee (the Executive Deputy or Senior Clerk/District Secretary) provides the Treasurer with personnel change forms for new employees and promoted employees in accordance with Board resolutions and for removal of employees due to retirement, termination or other cause. The Chief or his designee also provide forms for salary changes as set forth in collective bargaining agreements or contracts as negotiated and executed by the Board, salary changes due to out-of-title pay and forms to provide other information. Finally, the Chief or Senior Clerk/District Secretary reviews payroll every pay period to verify that it is properly and accurately calculated and prepared. We reviewed the July 2014 payroll for the Chief, Treasurer and Senior Clerk/District Secretary and randomly selected seven firefighters and found that compensation was made in accordance with employees' agreements. In addition, the Finance Committee reviewed the last payroll of July 2014.

Thank you for the courtesies and cooperation extended to our auditors during this review. If you have any further questions, please contact Ms. Tenneh Blamah, Chief Examiner of our Newburgh office at (845) 567-0858.

Sincerely,

Gabriel F. Deyo