



THOMAS P. DiNAPOLI
COMPTROLLER

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER
110 STATE STREET
ALBANY, NEW YORK 12236

GABRIEL F. DEYO
DEPUTY COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY
Tel: (518) 474-4037 Fax: (518) 486-6479

March 2017

Ron Dunn, Chairman
Members of the Board of Fire Commissioners
Ballston Lake Fire District
62 Westside Drive
Ballston Lake, NY 12019

Report Number: 2016M-379

Dear Chairman Dunn and Members of the Board of Fire Commissioners:

The Office of the State Comptroller works to identify areas where fire district 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 district 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 Ballston Lake Fire District (District) which addressed the following question:

- Did District officials properly award firefighters Length of Service Awards Program (LOSAP) service credits?

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

Background and Methodology

The District is a district corporation of the State, distinct and separate from the Town of Ballston, in Saratoga County. An elected five-member Board of Fire Commissioners (Board) governs the District and is responsible for the District's overall financial management and for overseeing its LOSAP. The Board assigned one Commissioner the responsibility of compiling the members' activity records and calculating the points to be awarded to firefighters for service credit.

The District's 2015 operating budget was approximately \$183,600 and was funded primarily with real property taxes. As of December 31, 2015, the District's LOSAP assets totaled \$502,258, and its contribution for the 2015 service award program year was \$15,837.

We examined relevant documentation regarding the District's LOSAP, including policies and procedures, Board minutes and other documentation applicable to our audit objective, for the period January 1, 2015 through July 31, 2016. We reviewed the District's LOSAP point system to identify the activities for which volunteer firefighters could earn service award points. We interviewed District officials and staff to determine the process used to track and record activity points and award annual service credits and whether the Board approved a list of members who earned annual service credits. We also compared the District's point system with New York State General Municipal Law (GML) requirements to determine whether they were consistent.

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.

Audit Results

The District sponsors and funds a defined-contribution LOSAP, which is intended to facilitate the recruitment and retention of active volunteer firefighters by providing them with a pension-like benefit based upon their years of firefighting service to the District. Generally, upon reaching age 62, participants in the District's LOSAP will receive a lump sum, life annuity or life annuity with survivor benefits. The District's contribution per participant was \$480 per year through 2006 and \$700 per year after 2006. When a fire district sponsors a LOSAP, district officials are required to establish a point system that complies with GML and award points to firefighters accordingly. GML establishes the activities that can be included in the point system and the maximum number of points that can be earned in each activity over the course of a year. Active volunteer firefighters earning 50 service award points annually must be credited with one year of firefighting service (LOSAP service credit). Annually, each volunteer fire company is required to submit a list (certified under oath) to its fire district's governing board, identifying volunteer firefighters who earned at least 50 points during the preceding year. The governing board is required to review the list and approve the final annual certification, at which time each volunteer firefighter on the list must be awarded one year of LOSAP service credit.

GML establishes categories of activities for which points can be awarded, including attending training courses, participating in standbys and sleep-ins, serving in an elected or appointed position, teaching fire prevention classes, attending department meetings and drills, participating in department responses and participating in miscellaneous activities (e.g., inspections). GML also establishes the maximum number of points that may be earned for each category of activity.¹ Because volunteers are granted service award points for participating in LOSAP activities, it is essential that qualifying activities be sufficiently documented and accurately compiled to ensure volunteers earn the service award credits to which they are entitled.

The District prescribes several types of activity records which the Company uses to track participation in LOSAP activities. The Company submits the summary of total points by category for each firefighter to the District's governing Board. The District posts a quarterly summary of points earned so that firefighters can track their points throughout the year and report any

¹ See Appendix A for additional information on awarding LOSAP points.

discrepancies. The District did not institute a review process to ensure that points awarded agree with and are supported by appropriate records of activities.

We found LOSAP points were not awarded in accordance with District policy. As a result, in 2015 three firefighters received one year of service credit and a defined contribution of \$700 each to which they were not entitled. We also identified discrepancies in the points awarded to all 30 firefighters we reviewed. However, these inaccuracies did not affect the service credit awarded to the remaining 27 participants. This occurred because the District did not award points for participation in miscellaneous activities in accordance with GML and because the District did not perform an adequate review of points awarded. We also found mathematical errors in the points awarded and reported to the LOSAP Administrator (Administrator). Finally, as of July 31, 2016, District officials had not prepared a summary of LOSAP points earned to date for the 2016 year.

Point System – GML and the District’s point system limit the number of points that may be awarded annually for miscellaneous activities to 15. However, District officials implemented a practice of awarding up to 15 points for participation in miscellaneous activities (including attendance at wakes, funerals and parades). Although not described in the District’s point system, the District established a practice of allowing up to 15 additional points to be earned for participation in certain activities that the District classifies as “timed activities” (including truck inspections, engine checks, radio checks and cleanup of the grounds).

The activities the District considers timed activities fall within the same category as miscellaneous activities. Because the District incorrectly treated timed activities separately from miscellaneous activities, firefighters were allowed to earn up to 30 points for these activities, 15 more than permitted by GML and the District’s point system. Our review of points earned by 30 firefighters found four firefighters were awarded more than 15 points for miscellaneous activities and timed activities. For example, one firefighter was awarded six points over the allowable limit because the District awarded the firefighter seven points for miscellaneous activities and 14 points for timed activities. These inaccuracies did not affect the service credit awarded to the four participants.

Award of LOSAP Points – We compared activity records to the District’s 2015 total points summary report and found that officers in charge of activities did not sufficiently and accurately document participation in activities for which points were earned. Specifically, these officers did not always document the length of activities and the start and end times. Additionally, the Commissioner responsible for recording points did not code or classify the nature of the activities correctly, and because the District did not institute a review process, these discrepancies were not identified and corrected. As a result, all 30 firefighters reviewed were awarded LOSAP points incorrectly. Errors we noted while reviewing the awarding of LOSAP points include the following:

- 25 firefighters were awarded points incorrectly for participation in miscellaneous activities. For example, one firefighter was awarded 10 points in the timed activities category while our review of activity records showed the firefighter only earned five points.
- 21 firefighters were awarded points incorrectly for attending drills. For example, the District awarded one firefighter 11 points for attending drills, while our review of drill activity records showed that the firefighter was entitled to seven points.

- 10 firefighters were awarded points incorrectly for attending courses. For example, the District awarded one firefighter 11 points for attending courses, while our review of course activity records showed that the firefighter was entitled to five points.

As a result of the errors in maintaining the records, points were inaccurately recorded on the District's summary and inaccurately awarded and reported to the Administrator for 28² of 30 firefighters reviewed. As a result of these errors and the District's policy of awarding points for miscellaneous and timed activities, three firefighters received one year of service credit and earned a defined contribution of \$700 each in 2015 to which they were not entitled.

Summary of LOSAP Points – We also compared the District's total points summary report to the Administrator's annual report for 2015. We determined that the total points awarded to six firefighters were mathematically incorrect. This occurred because the District implemented a practice of awarding half points, which is not permitted by GML, and caused the District to inaccurately round firefighters' points. We also found that one firefighter's points were incorrectly reported to the Administrator as having 51 points instead of 56 due to an error. These inaccuracies did not affect service credits awarded.

Finally, the District did not maintain a grand total point summary report for points earned by firefighters from January 1 through July 31, 2016. As a result, we could not verify the accuracy of points awarded in 2016. Additionally, firefighters were not aware of points earned during this time frame.

These inaccuracies occurred and were not detected by District officials because the Board did not institute a review process. By not ensuring that activities are accurately and sufficiently recorded and incorrectly awarding points, District officials lack assurance that volunteers were awarded the appropriate number of points and accurately awarded service award credits.

Recommendations

The Board should:

1. Correct the service credit records of the three firefighters who inappropriately received one year of service credit in 2015 and contact the District's attorney and Administrator to recover the associated \$2,100 of defined contributions.
2. Award points in accordance with the District's point system and ensure that the District's point system is consistent with GML.
3. Establish a process to review LOSAP activity records to ensure activities are recorded accurately and points are appropriately reported to the Administrator.

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

² While all 30 firefighters reviewed were awarded points incorrectly, these discrepancies resulted in total points being inaccurate for 28 firefighters. The remaining two firefighters were awarded too few and too many points in equal amounts, resulting in no net effect to their total points.

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's office.

We thank the officials of the Ballston Lake Fire District for the courtesies and cooperation extended to our auditors during this audit.

Sincerely,

Gabriel F. Deyo
Deputy Comptroller

APPENDIX A

ADDITIONAL LOSAP INFORMATION

GML provisions for awarding LOSAP points are summarized as follows:

- Training Courses: 25 points maximum
 - Courses under 20 hours duration – one point per hour, with a maximum of five points
 - Courses 20 to 45 hours duration – one point per hour for each hour over the initial 20 hours, with a maximum of 10 points
 - Courses over 45 hours to 100 hours duration – 15 points per course
 - Courses over 100 hours duration – 25 points per course
- Drills: One point per drill (minimum two-hour drill), with 20 points maximum
- Sleep-ins and standbys: One point per each qualifying event, with 20 points maximum
- Elected or appointed position: 25 points maximum per year in the position
- Meetings: One point per meeting for attending official fire company meetings, with 20 points maximum
- Participation in department responses: 25 points for meeting the minimum number of calls based on a percentage of the total number of calls the department responds to annually
 - 25 points for fire calls (i.e., all calls “other than emergency rescue and first squad calls [ambulance call]”)
 - 25 points for EMS calls (i.e., “emergency rescue and first aid squad [ambulance]” calls)
- Miscellaneous activities: One point per activity for inspections and other activities covered by New York State Volunteer Firefighters’ Benefit Law and not otherwise listed, with 15 points maximum
- Disability: Five points per month for certain line-of-duty disabilities
- Teaching fire prevention courses under certain circumstances: One point per class, with a maximum of five points

APPENDIX B

RESPONSE FROM DISTRICT OFFICIALS

The District officials' response to this audit can be found on the following page.



**The Ballston Lake Fire District
1125 Ballston Lake Rd.
Ballston Lake, NY 12019**

February 27, 2017

[REDACTED]
NYS Office of the State Comptroller
Division of Local Government and School Accountability
One Broad Street Plaza
Glens Falls, NY 12801

Dear [REDACTED]

The Board of Fire Commissioners of the Ballston Lake Fire District wish to acknowledge receipt of a preliminary draft report for your recent audit of the Ballston Lake Fire District LOSAP Program and their representative participation in the exit discussion of same on February 14th, 2017.

A representative of the Board has met with counsel to the fire district relative to the issues raised in the report and acknowledge that there is need for corrective actions to be made to its points schedule and the review and oversight of the crediting of points under its amended point schedule in accordance with Section 217 of the General Municipal Law.

The Board of Fire Commissioner are reviewing the potential for and legal authorization to recover a year of credit for several of their firefighters which may have inappropriately awarded a year of service credit for the fiscal year 2015.

Sincerely,

Richard Carusone
Deputy Chairman
Board of Fire Commissioners