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February 6, 2015

Dennis Baker, Mayor
City of Mechanicville
36 North Main Street
Mechanicville, NY 12118

Mr. Dom DiNallo, Chairman of the Board
Mechanicville Fire Department
North Main Street
Mechanicville, NY 12118

Report Number: S9-14-33

Dear Mr. Baker and Mr. DiNallo:

The Office of the State Comptroller works to help local officials 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 local 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 10 fire districts and municipalities throughout New York State. The objective of our audit was to determine if fire districts and municipalities awarded length of service award program (LOSAP) credits accurately. We included the City of Mechanicville (City) in this audit. Within the scope of this audit, we examined the City's LOSAP and supporting documentation and activities of eligible volunteer firefighters for the period January 1, 2012 through December 31, 2013.

This report of examination letter contains our findings and recommendations specific to the LOSAP established for the volunteer firefighters of the City Fire Department (Department). We discussed the findings and recommendations with City and Department officials and considered their comments, which appear in Appendix A, in preparing this report. City and Department officials agreed with our findings and recommendations and plan to initiate corrective action. At the completion of our audit of the 10 districts and municipalities, we prepared a global report that summarizes the significant issues we identified at all the units audited.

Summary of Findings

We found that the City did not ensure that volunteer firefighters received accurate LOSAP service credits. The City's point system does not comply with New York State General Municipal Law (GML) because it provides 10 points for a "miscellaneous activity" for volunteer firefighters who have responded to 15 or more "detail[s] intended to assist an emergency/rescue squad." Department officials attributed these issues to being unaware that their point system was inconsistent with GML. Further, the Department's system to track volunteer firefighters' LOSAP points contained a formula error in the calculation of points for drills. These weaknesses resulted in one volunteer firefighter not receiving appropriate LOSAP service credit.

As a result, there is an increased risk that the City's volunteer firefighters may not earn deserved credit for qualified activities.

Background and Methodology

The City is located in Saratoga County and governed by a five-member City Council. The Department is located in the City and provides fire protection and emergency services to the City. The Department appears to have an emergency rescue first aid squad that does not operate an ambulance. The Department is governed by an elected six-member Board of Trustees. The City Council is responsible for overseeing the LOSAP.

The appropriations for the Department in the 2013 City budget totaled approximately \$230,800. As of December 31, 2012, LOSAP assets totaled approximately \$412,800. The 2012 LOSAP contribution was approximately \$94,400.

When a city sponsors a LOSAP, the city is required to establish a point system that complies with GML. GML establishes the activities that can be included in the point system. One such activity is participation in department responses. Other activities that can be included are training courses, stand-bys and sleep-ins, serving in an elected or appointed position, teaching fire prevention classes, attending certain meetings, drills and certain miscellaneous activities. Although a city 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 city is under no obligation to include in its point system every activity specified in GML.

Active volunteer firefighters earning 50 service award points annually must be credited with one "year of firefighting service" (LOSAP service credit). Points must be granted in accordance with the point system established by the LOSAP sponsor. Annually,¹ each volunteer fire company is required to submit a list (certified under oath) to the city's governing board identifying all 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

¹ On or before March 31

annual certification, at which time each volunteer firefighter on the list must be awarded one year of LOSAP service credit.

In 2006, the City created a defined benefit LOSAP to facilitate the recruitment and retention of active volunteer firefighters by providing a pension-like benefit based upon their years of service to the Department. In general, upon reaching entitlement age of 65, LOSAP participants receive a life annuity benefit guaranteed for at least 10 years. The benefit is \$20 a month for each year of LOSAP service credit earned by a volunteer firefighter up to 20 years. In 2013, the LOSAP had 41 volunteer firefighters receiving LOSAP service credit.

We examined the City's internal controls over its LOSAP and reviewed records and reports for the period January 1, 2012 through December 31, 2013.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and conduct our audit to adequately assess those City operations within our audit scope. Further, those standards require that we understand the City's management controls and those laws, rules and regulations that are relevant to the City's operations included in our scope. An audit includes examining, on a test basis, evidence supporting records for LOSAP-eligible activities and applying such other auditing procedures we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for the findings, conclusions and recommendations contained in this report. More information on such standards and the methodology used in performing this audit is included in Appendix B of this report.

Audit Results

The governing board of a city sponsoring a LOSAP is required to adopt standards and procedures in conformance with GML for administering its LOSAP. The governing board should also ensure that complete and accurate records of volunteer firefighters' activities under the point system are prepared and maintained in accordance with its standards and procedures.

We reviewed the point system to determine which activities volunteer firefighters may perform to earn points toward LOSAP service credit and if the point system is in alignment with GML. The point system allows points to be earned for training courses, drills, sleep-in or stand-bys, elected or appointed positions, meetings, participation in Department responses, teaching fire prevention classes and certain miscellaneous activities. The point system defines points per activity and maximum points for certain types of activities.

We found that the point system is not consistent with GML for awarding points for "miscellaneous activities." Additionally, the Department's LOSAP tracking system did not accurately calculate points. These weaknesses resulted in one volunteer firefighter not receiving appropriate LOSAP service credit.

Miscellaneous Activities - A point system may provide points for certain "miscellaneous activities," at the rate of one point per activity. 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” (emphasis added). Therefore, because participation in department responses is listed elsewhere in GML,² a point system may not include participation in department responses as a “miscellaneous” activity for which points may be granted.

We found that the point system is inconsistent with GML with respect to providing points for miscellaneous activities. The point system provides for 10 points in the miscellaneous category for volunteer firefighters that have responded to 15 or more of the Department’s annual number of “emergency/rescue squad” calls. The City, however, lacked authority to include participation in such Department responses as a “miscellaneous” activity for which points may be granted. As a result, we tested a sample of 25 volunteer firefighters. However, we did not find any volunteer firefighters who received inappropriate LOSAP service credit as a result of this issue.

Department officials explained that the City only recently authorized volunteer firefighters to receive points for responding to “emergency/rescue squad” calls. The City was not aware that this change to its point system was not in compliance with GML.

When a LOSAP point system is inconsistent with GML, LOSAP service credit may not be awarded properly to volunteer firefighters.

Point Accuracy – Fire departments should maintain accurate records detailing the activities of their volunteer firefighters.

We found that the Department’s software program did not accurately calculate points for credit in one activity, resulting in one volunteer firefighter not receiving accurate LOSAP service credit. The volunteer firefighter had 48 points from the Department’s report, but from our calculations the volunteer firefighter had earned 51 points. Department officials attributed the miscalculation to an error in the software program used to track volunteer firefighters’ LOSAP points for drills. There was one month of each year where drill attendance figures were being erroneously pulled from a previous month. The volunteer firefighter should have earned at least 50 points for the year and would have qualified for one year of LOSAP service credit.

This issue with the Department’s software program increases the risk that errors or miscalculations could occur and volunteer firefighters may not be receiving accurate LOSAP service credit.

² GML authorizes a point system to include participation in department responses as an activity for which points may be earned. If that activity is included in a point system, GML requires 25 points to be granted to volunteer firefighters for responding to the minimum number of fire calls (i.e., all calls “other than emergency rescue and first aid squad calls [ambulance calls]”), and an additional 25 points to be granted for responding to the minimum number of emergency/rescue/first aid calls (i.e., “emergency rescue and first aid squad [ambulance]” calls). For either type of call, GML requires a volunteer firefighter to respond to a minimum number of calls and makes the minimum number of responses dependent on the number of calls the department responds to annually. For example, if a fire department responds annually to 500 or fewer fire calls, then a volunteer firefighter must respond to at least 10 percent of the fire calls to receive the points. The same percentages apply to emergency/rescue/first aid calls.

Recommendations

The City Council should:

1. Amend the City's point system to ensure it is consistent with GML.
2. Implement standards and procedures to ensure that points are accurately awarded and recorded.
3. Ensure that the Department addresses the calculation issue in its software program.

The City Council 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, pursuant to Section 35 of GML. 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 City Council to make this plan available for public review in the Clerk's office.

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

Sincerely,

Gabriel F. Deyo

APPENDIX A

RESPONSE FROM CITY AND DEPARTMENT OFFICIALS

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

Office of the Mayor

Dennis M. Baker
Mayor

October 24, 2014

Office of the State Comptroller
110 State St.
Albany, NY 12236

Unit Name: Division of Local Government & School Accountability
Audit Report Title:
Audit Report Number: S9-14-33

For each recommendation included in the audit report, the following is our corrective action(s) taken or proposed.

Audit Recommendation 1: Amend the City's point system to ensure it is consistent with the GML.

Implementation Plan of Action:

The Mechanicville City Council will be voting at their November 5, 2014 City Council meeting to amend the Point system as recommended in the Audit report.

Implementation date: November 6, 2014

Person Responsible for Implementation:

The Mechanicville City Council

Audit Recommendation 2: Implement standards and procedures to ensure that points are accurately awarded and recorded.

The Mechanicville City Council will be voting on a resolution to award [REDACTED] a year's credit for 2013 as recommended in the report. Fire Chief James Corrigan will be responsible for the accuracy and awarding of the points to the Volunteer Firefighters.

Implementation Date: October 2014

Person(s) Responsible for Implementation:

The Mechanicville Fire Chief, James Corrigan, Mayor Dennis Baker

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

To accomplish our objective, we interviewed Department officials to gain a better understanding of the control environment at the Department. Our steps included the following:

- We reviewed relevant documentation regarding the City's LOSAP, including policies and procedures, bylaws, Board minutes and other documents applicable to our audit objective.
- We tested the City's point system in comparison to GML requirements.
- We compared the City's point system to the Department's software system maintained for LOSAP credit and the reports from that software.
- We reviewed and compiled all attendance documentation for a sample of 25 volunteer firefighters at the Department for 2012 and 2013.
- We tested the above documentation against the software reports and the Department's Board-certified list of volunteer firefighters receiving LOSAP service credit to determine if the volunteer firefighters were receiving LOSAP service credit accurately in accordance with the point system and GML.