

**Nassau County
Office of the Comptroller
Field Audit Bureau**



**Nassau County
Fire Commission
Financial & Operational Review**

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Comptroller

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NASSAU COUNTY
OFFICE OF THE COMPTROLLER

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EXECUTIVE SUMMARY

Background

The Nassau County Fire Commission (“Commission”), established by the County Charter, Article XVII § 1702, is comprised of nine commissioners. The nine commissioners are the chairpersons of the county’s nine fire battalion district committees, which are composed of representatives of each of the county’s 71 fire departments.

The duties of the Commission are to:

- Study county fire protection needs and make recommendations for improvement;
- propose fire prevention ordinances to the county legislature;
- arrange interdepartmental cooperation in all aspects of firefighting to best utilize firefighting strength;
- recommend equipment standardization;
- study extension of fire protection to all areas of the county; and
- report annually to the county executive.

The Commission is comprised of the following eight divisions: Fire Investigations, Hazardous Materials, Institutions, General, License and Permit, Fire Prevention, Fire Safety and Education, and Fire and Rescue Services (includes the Fire Communication Center and the Fire-Police Emergency Medical Services Academy). The Commission collected fees in 2002 and 2003 of approximately \$3.1 and \$3.4 million, respectively. Fees are earned for issuing permits for fire alarm systems, performing building plan reviews and related inspections, and for certain other inspections. No fees are charged for code violations inspections, but when violations are found, appearance tickets are issued and fines may be imposed. The Commission generates approximately \$300,000 annually in revenues from fines. The Commission performs thousands of inspections and plan reviews each year. For example, during 2002, the General Division reviewed 2,533 fire extinguisher plans, performed 1,337 fire suppression system tests and inspected 1,298 facilities.

As of March 2004, the Commission had 140 employees, including 62 fire inspectors as follows: 48 Fire Inspectors, seven Fire Inspector II’s and seven Fire Inspector III’s. Of the 140 employees, 113 were full-time, 18 were part-time (including nine instructors) and nine were per diem Commissioners.

The Commission’s salary expenditures for 2003 were \$8.3 million, up from \$7.9 million in 2001. Nassau County’s fire prevention legislation, “An Ordinance for the prevention of fires by establishing uniform regulations for the control of fire hazards and for the enforcement of such regulations in accordance with the recommendation of the Nassau County Fire Commission,”¹ augments the New York State Fire Code. This ordinance also establishes the fees that the Commission may charge for plan reviews, inspections, licenses and permits.

¹ Nassau County, N.Y., Ordinance No. 56-1962. Preface page 1

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Since 1997, the Commission has used a computerized system, the Nassau County Fire Marshal Fee Collection System (“Fee Collection System”), to aid in the administration of its operations. The computer system is used to perform numerous functions, such as recording cash receipts, scheduling tank tests and maintaining account records related to applicants’ prepaid fees for plan reviews and related facility inspections, fees for fire alarm system permits, and violations found as the result of inspections.

Audit Scope, Objective and Methodology

The objective of the audit was to perform a limited review of the Commission’s books and records, including the Fee Collection System, and to ascertain whether the Commission's resources are being used effectively. The audit period was 2001 through 2003. To accomplish our objectives, we reviewed applicable laws, the Commission’s policies and procedures, activity logs, and accounting records, and we tested the processing of transactions, such as cash receipts. We also interviewed Commission personnel to gain an understanding of the operations and to identify areas of potential cost savings.

This audit was conducted in accordance with generally accepted government auditing standards. These standards require the audit to be planned and performed to obtain reasonable assurance that the audited information is free of material misstatements. An audit includes examining documents and other available evidence that would substantiate the accuracy of the information tested, including all relevant records and contracts. It includes testing for compliance with applicable laws and regulations, and any other auditing procedures necessary to complete the examination. We believe that the audit provides a reasonable basis for the audit findings and recommendations.

Summary of Significant Audit Findings

The main function of the Commission is to promote public safety through the detection and prevention of fire and safety code violations. To reach its goal, the Commission performs many services and charges fees to recover its costs. We found, however, that the Commission is performing many activities for which it is either not charging, or not charging a sufficient fee, to recover the cost of services performed. These include:

- Services provided to other municipalities;
- Clean-ups of hazardous waste spills caused by private individuals or corporations;
- Plan reviews and inspections of fire dampers, liquid oxygen systems and tents;
- Building inspection fees that do not take into account the size of the building or the number of inspectors required to complete the test or inspection; and
- Plan review fees that are the same regardless of the number of re-submissions required to receive approval.

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We found that inspections which are important to protect the public, and generate revenues for the commission, such as night safety checks, inspection of gas stations, and weekend surprise inspections of propane fill stations are not being conducted. Weekend inspections of propane filling stations are important because that is when they are at their busiest, and inspectors believe that they are more likely to observe non-compliant activity.

In interviews conducted with division supervisors, we found that inspectors spend a substantial amount of time performing duties not directly related to fire inspector functions or training. For example, highly trained inspectors are maintaining and entering false alarm data into the Fee Collection System, rather than using clerks or accountants to perform these functions.

An analysis performed by the Commission revealed that inspections performed on an overtime basis generated revenues in excess of the overtime costs incurred. Nevertheless, during 2002 and early 2003 there was a *decrease in overtime enforcement efforts, which has had a negative budgetary impact on the Commission*. 161 (35 percent) fewer appearance tickets were issued as a result of fewer overtime enforcement actions issued in 2002 compared to 2001, resulting in a \$205,000 decrease in revenues. An analysis of the Commission's financial results shows that for 2003 an increase in enforcement actions performed during overtime (more so in the second half of the year) increased net revenues by more than \$67,000 when compared to 2002.

Within the several divisions, inspections or tests are not being completed on an annual basis, monitoring of inspectors is inadequate, and entry of data concerning inspections, tests, and violations into the Fee Collection System is not timely. According to one inspector, as of August 4, 2004, the Commission is two years behind in entering false alarm data, such as the occupant's name, address, permit number and the cause of fire alarms. The delay in reporting data has obvious public safety implications: if faulty alarms are not repaired in a timely manner, fire departments will continue to respond to them, placing volunteer firefighters and the public at risk.

According to the Commission, the computerized Fee Collection System is outdated and no longer supported by the technology vendor. The system cannot be upgraded to run on new hardware, and the old hardware upon which it is dependent is subject to breakdowns. There is no backup system. If the Fee Collection System was to stop functioning or lose data because of software or hardware problems, the collection of revenues and the administration of the office could be jeopardized. Among the shortcomings in the Fee Collection System:

- It does not have an automated mailing system for permit renewals;
- It does not generate notices for the non-payment of permit fees;
- It does not automatically impose fees for late payments.

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The Commission does not have a Web page to publicize fire prevention and fire safety information, or to allow the public to electronically transmit fee payments.

The Commission requires that fees for inspection, plan reviews and some permits be paid in advance before services are performed. We found that \$1.7 million of these payments were posted to applicants' accounts and recognized as revenue. When the service is performed, the applicant's balance on account should be reduced by the appropriate fee amount. However, according to an official at the Fire Commission, the inactive accounts (no cash receipts and/or charges for services posted to the account for six months or more) with balances have not been reviewed to determine the reason for the inactivity.

Department's Response:

The matters covered in this report have been discussed with officials of the department during the audit. On August 23, 2004, we submitted a draft report to department officials with a request for comments. The department's comments, received on August 26, 2004, and our responses to those comments, are included as an addendum to this report.

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FINDINGS AND RECOMMENDATIONS

Recovery of Costs

Audit Finding (1):

The main function of the Commission is to protect the public by enforcing county fire prevention regulations. To recover some of the costs of providing these services, the Commission charges various fees. There are, however, many services for which the fees charged are not commensurate with the services provided, or for which no fee is charged. For example, we found that no fees are charged for:

- services provided to municipalities, such as water districts, fire districts, and school districts (except for annual school inspections);
- review and approval of construction plans and inspection of completed projects for fire dampers and liquid oxygen systems; and
- inspections of tents and propane tanks where a permit is required.

Several fees charged by the Commission were fixed even though the costs incurred to provide the services varied with the size of the facility. Larger facilities require additional time and/or additional inspectors. For example, we found that the fee charged for an emergency light test was the same regardless of the size of the building, the amount of time involved, or the number of inspectors required to observe the tests. There is a graduated fee schedule established by ordinance for annual school inspections. The fee charged, however, for any facility over 10,000 square feet is fixed at \$325. According to a division official, the fee charged does not cover the cost of inspecting large schools, several of which exceed 100,000 square feet.

We found that there is one fee for plan reviews regardless of the number of resubmissions required to receive approval. One supervisor indicated that a plan might be rejected because multiple items do not comply with the Fire Prevention Ordinance. The multiple reasons for rejection are detailed to the contractors. However, contractors will at times resubmit plans without addressing all of the compliance issues. As a result, the inspectors spend time on unnecessary iterations of plans without earning additional fees. The additional time spent prevents inspectors from performing other necessary activities, or activities that generate revenues.

Although several worthwhile initiatives to protect the public and generate revenues were performed in the past, they were suspended in 2002 and early 2003, primarily because overtime would be required. Such initiatives include night safety checks, surprise weekend inspections of propane refill stations, and night and weekend inspections of gas stations by Hazardous Materials Division (“Haz-Mat”) personnel.

We found that the cost of overtime is recovered through the imposition of fines. For example, according to a division supervisor’s memorandum, in 2001 weekend inspections of propane refill stations covering six dates resulted in the issuance of 14

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appearance tickets, with possible total fines of \$6,000. The overtime costs to perform these inspections were estimated at \$3,600.

The decrease in overtime enforcement efforts in 2002 had a negative budgetary impact on the Commission. The analysis below shows that a decrease in spending in overtime resulted in 161 fewer appearance tickets being issued in 2002 when compared to 2001. Concurrently there was a loss of net revenue of \$205,207. Also, according to documentation provided by the Commission, because overtime was permitted in 2003 for enforcement actions, more so in the second half of 2003, the net revenues increased in 2003 by approximately \$67,000 when compared to 2002 (the final amount of net revenues could be higher than \$67,000 once all appearance tickets issued in 2003 are adjudicated by the courts).

<u>Budgetary Impact of Enforcement Actions</u>				2002 vs. 2001
	2003	2002	2001	Difference
Enforcement Overtime Hours	N/A	495	749	(254)
Appearance Tickets Issued	N/A	292	453	(161)
Fines Levied	\$329,000	\$215,740	\$432,575	(\$216,835)
Overtime Cost	<u>\$ 69,000</u>	<u>\$ 22,661</u>	<u>\$ 34,289</u>	<u>(\$ 11,628)</u>
Net Revenue	<u>\$260,000</u>	<u>\$193,089</u>	<u>\$398,286</u>	<u>(\$205,207)</u>

Source: Fire Commission and District Attorney fines levied.

Recommendations:

The Commission should:

- pursue legislative authorization to *impose fees for all services that it performs*, including services provided to other municipalities;
- review all fees currently imposed and determine whether the amounts charged are sufficient to recover a reasonable share of the cost of services. *Fees should be on a graduated basis*, commensurate with the cost of the resources expended. Legislative authorizations should be sought for appropriate amendments to the fee schedules;
- pursue authorization for the imposition of *a fee for each re-review* of a plan necessitated by the submitter's failure to correct deficiencies identified in the Commission's initial review. These fees will ensure the recovery of costs for the additional work caused by the submitter's oversight and would likely result in fewer re-submissions; and

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- continue to *pursue night safety checks, surprise propane refill station inspections, and inspections of gas stations on an overtime basis*. We also urge the commission to evaluate the feasibility of employees working staggered shifts so that they are available nights and weekends on a straight-time basis. In the future the Commission should prepare cost/benefit analysis to support requests to the administration for overtime authorization. It may be in the interest of public safety that some inspections be performed regardless of cost; however, the costs should be closely monitored.

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HAZARDOUS MATERIALS

Background:

Haz-Mat operates on a 24/7 schedule to respond to petroleum, propane gas, natural gas, and chemical spills. One supervisor and two inspectors work each 12-hour shift, with a minimum of two employees on a shift. During the period 1999 to 2002, the division responded to an average of 775 Haz-Mat incidents per year, or just over two incidents per day. The division performed over 400 routine tent and propane installation inspections each year. In addition, the division was notified of an additional 200 incidents per year that did not require it to respond.

Recovery of Costs

Audit Finding (2):

Even though the Nassau County Fire Prevention Ordinance provides that Haz-Mat can recover its costs from the parties responsible for the spills, Haz-Mat is supplying services and expending taxpayer resources without doing so. The Ordinance states:

“The person, or persons responsible for such spill or discharge (of flammable or combustible liquids upon any roadway, on the surface, or into the sub-surface land, aquifer, or waterway anywhere in the County of Nassau) shall be responsible for the clean-up and removal of the discharged liquid and any contamination that may occur, including equipment used to contain and effect said clean-up.”²

The party responsible for the spill should pay for all costs, including labor, materials, and equipment and vehicle usage, related to the clean up of the spill. Although the Commission maintains records of the costs incurred to clean up each spill, *it does not pursue collection of these costs from the responsible party.*

We reviewed the scope of operations of various nearby municipalities and found that the Town of Brookhaven performed many services similar to those of Commission’s Haz-Mat Division. By contrast, the Town of Brookhaven recovers the costs it incurs related to the mitigation of hazardous materials conditions, including labor costs plus fringe benefits, materials used, vehicle usage, and cell phone usage.

Based upon statistics maintained by Haz-Mat, two fire inspectors provide mitigation or clean-up services on an average of 50 percent of incidents, and each spends an average of 2 hours per clean-up. The direct salary costs (not including fringe benefits) are approximately \$54,000 per year, exclusive of fringe benefits, materials, and vehicle costs.

² Nassau County, N.Y., Ordinance No. 56-1962 §3.1.11.3 (As Amended)
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Recommendation:

The Commission should:

- review other municipalities' procedures for recovering the costs of the mitigation of hazardous materials incidents;
- begin to bill responsible parties for clean-up costs; and
- investigate whether the costs associated with responding to and investigating spills may be recovered even when containment or clean up services are not performed.

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Logs of Work Performed

Audit Finding (3):

Haz-Mat maintains a log sheet for each shift and requires employees to record time spent on all activities performed. Our review of several of these logs found that they contained insufficient detail. According to the supervisor, not all activities performed were recorded. Each inspector is required to perform 90 minutes of training per night shift. This training was not recorded in any of the log sheets reviewed, nor was the amount of time spent on each activity recorded. For example, one log indicated a building check at 0040, but there were no other log entries indicating any other activity until the shift ended at 0800. As such, it is not possible to determine if the inspectors are performing the required training, or are being effectively utilized and available to perform other tasks. Additionally, we found no evidence of supervisory review of these logs.

The Commission's statistics show that inspections by this division were down by over 50 percent from 1999 to 2002, from 1,058 to 418. According to our discussions with the division supervisor, there are periods when the inspectors have "down time." There are periods of time during which there are no incidents to respond to, or for which no work is assigned. These usually occur during the late night hours on weekends. Since the log sheets are not complete, we could not determine if there is additional downtime when the inspectors are not performing any productive activity. There is a possibility that this down time is significant, and that rather than 24 hours a day staffing, the Commission staff could be on standby. Standby status requires employees to be on call and available on one-hour notice.

Recommendations:

The log sheets should be completed in a more detailed manner, including, for each activity, the time started, time ended and the total time spent on each activity. The supervisor should sign the log sheets and verify that they are properly maintained. Downtime could be used to perform inspections or assist other divisions to reduce backlogs.

The Commission should review the necessity of staffing Haz-Mat 24-hours a day. This can be accomplished by charting the times when incidents occurred over a period of time to determine if there is a pattern. If a pattern exists where there is a lack of incidents, especially in the overnight hours, the Commission should determine if it would be cost effective to have inspectors on standby and call them in on overtime without increasing the risk of environmental contamination. If the Commission determines that the division does not need to be staffed 24 hours a day, inspectors should be redeployed to other divisions. If the analysis of the Haz-Mat incidents shows that 24-hour per day staffing is required, then the division employees should use down time to perform services for other divisions to reduce backlogs.

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Utilization of Fire Inspectors

Audit Finding (4):

According to our interviews with the Division of Fire Investigation's supervisor, inspectors are expending a substantial amount of time performing duties not directly related to fire inspector functions. These duties include:

- time spent at legislative meetings (during 2002 division staff spent 224 hours) at the request of the Legislature to prevent overcrowding of the legislative meeting room;
- transferring vehicles to the residences of fire inspectors who are home, but on-call, and require official vehicles to respond to alarms;
- answering FOIL requests; and
- performing clerical tasks such as manually folding and stuffing 17,000 tank test notifications for mailing per year and entering false alarm data into the Fee Collection System.

One fire inspector in charge of the Fee Collection System spends a significant amount of time managing the system, while another inspector works full-time to run and maintain the system. According to our interview with the division's supervisor, other fire inspectors are spending a significant amount of time performing computer entry functions. These functions could be performed by clerical staff instead of trained fire inspectors. Inspectors could be better utilized to perform plan reviews, inspections, and tests that aid in the prevention of fire-related accidents and generate revenues.

Recommendation:

The Commission should:

- review with the Legislature the necessity of having fire inspectors present at legislative meetings;
- have clerical personnel complete FOIL requests and then forward them to the supervisor for review before they are issued to the requesting party;
- investigate whether the county's Printing and Graphics department can provide mailing services or, alternatively, contract out the mailing of permit renewals to free up inspectors to perform job duties commensurate with their job titles.
- determine if it is beneficial to use the county's Information Technology Department instead of fire inspectors to perform information technology functions;
- determine whether messengers could be assigned to pick-up and deliver vehicles for fire inspectors, and;
- use clerical personnel to make entries into the Fee Collection System.

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Inspections

Audit Finding (5):

It is essential to record inspections promptly and whether complaints were investigated and annual tests performed. Not performing inspections timely or responding to complaints promptly, can lead to fire safety problems, as violations may not be addressed. Additionally, failure to issue tickets for violations will result in lost fine revenue.

According to our interviews with division supervisors, many inspections and/or required annual emergency light tests are not being performed on an annual basis as required by the Ordinance. During 2002, one division indicated it was unable to complete 42 emergency light tests for which fees of \$14,700 were paid in advance. Although recognized as revenue in 2002, the fees were not earned until 2003, when the tests were completed.

The Commission does not have a comprehensive computerized list of inspections to be performed that can be used for scheduling purposes. According to division supervisors, they must search the Fee Collection System on a location-by-location basis to determine pending inspections.

Some division supervisors monitor the progress of inspections by tracking the number of complaints received regarding the length of time plan reviews are taking, overdue tank tests, and the failure of inspectors to show up for scheduled inspections or tests.

A Commission official informed us that a system-generated report of overdue test inspections should be used to monitor inspectors' performance (an overdue tank test report is utilized by one division). The report cannot be used unless relevant data is entered timely and the report information is up-to-date. The Institution Facilities Division stated it is two to four months behind in entering test data. The lack of current information also hinders the ability of the supervisor to manage the division's performance and provide meaningful management reports.

The Institution Division also stated that, due to the expansion of hospitals and health care facilities over past years and the reduction in fire inspectors, the division is unable to complete yearly inspections. Failure to perform inspections may place the public at risk.

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Recommendations:

A master schedule should be established and updated monthly that lists all inspections, plan reviews and emergency lighting tests performed by the divisions. The schedule would aid the supervisors in monitoring the progress and productivity of each inspector. The inspectors should be provided with individualized schedules and should be required to update the schedule on a timely basis to indicate:

- planned and complaint-based inspections completed;
- facilities inspected;
- plan reviews completed;
- actual labor-hours used to complete the inspections/reviews;
- facilities not inspected as scheduled, and emergency lighting tests not performed, along with explanations as to why they were not inspected or performed, and rescheduling date.

The Commission should use the Fee Collection System to provide updated test inspection reports and provide management with progress reports. The system should be maintained on an up-to-date basis so the reports generated contain useful information.

Emergency light tests should be scheduled and completed within a reasonable amount of time.

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False Alarm Records

Audit Finding (6):

At the time of the audit, the Commission stated that it was eight months behind in entering false fire alarm data into its Fee Collection System. (A follow up inquiry on August 4, 2004, revealed that the Commission is now two years behind in entering false alarm data.) Data to be recorded includes the occupant's name and address, date and time of alarm, cause of alarm, permit number and violations. According to the Commission, a fire inspector was entering the data rather than a clerk, because the Commission did not have sufficient clerical personnel. Before 2002, it used overtime to control the backlog. However, this practice is no longer permitted because of budgetary concerns.

The Nassau County Fire Ordinance states that "a malfunctioning or undetermined alarm ("false alarm") occurring three (3) times in a (30) day period which results in the response of the fire department or any fire department personnel, shall constitute a violation of this Ordinance."³ Violations of the ordinance may result in fines up to \$1,000 per violation for an individual, or up to \$5,000 for a corporation.⁴ The eight-month backlog in entering false alarm data makes it very difficult to issue appearance tickets for violations. Without the issuance of appearance tickets, there is no incentive for the property owner to fix the alarm system. Moreover, false alarms will continue to occur. This could have tragic results, as each time a fire department responds to a false alarm, firefighters and the public are placed at risk.

Recommendations:

The Commission should:

- Consider hiring clerical personnel to perform the clerical duties currently being performed by fire inspectors;
- evaluate the feasibility of redeploying under-utilized personnel to address backlogs in recording false alarms. (The Police Department, for example, uses school crossing guards to assist with routine clerical duties at their commands);
- consider assigning clerks from the Haz-Mat division during any down-time to enter false fire alarm data.

³ Nassau County, N.Y., Ordinance No. 56-1962 §17.6 (As Amended), B, page 6

⁴ Nassau County, N.Y., Ordinance No. 56-1962 §17.8 (As Amended), page 6

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Appearance Tickets

Audit Finding (7):

Nassau County fire inspectors are designated as peace officers.⁵ As such, fire inspectors are authorized to issue appearance tickets.⁶ Appearance tickets issued are forwarded to the District Attorney's Office ("DA") to be adjudicated at the District Court. The Commission maintains a record of the tickets issued, along with its recommendation as to the amount of fine to be imposed. However; the DA does not notify the Commission of the final disposition of the appearance tickets issued or the amount of revenue collected. The revenues collected by the court are commingled with all of the collections made by the District Court for the county and remitted monthly. According to a division supervisor, the Commission has the ability to make a system inquiry on a ticket-by-ticket basis to determine the fine levied for each ticket. However, this process is inefficient.

In addition to the authority to issue appearance tickets, the inspectors also issue "Order to Remove Violations Forthwith" notices ("orders"). These orders are issued when there is a violation of the county's fire prevention ordinance and the responsible party is charged with correcting the violation. The orders are not numbered (neither pre-printed nor manually). Without numerical control, it is difficult to ensure that the Commission has followed up on all orders to ensure compliance.

Recommendation:

The Commission should request the DA's Office to provide a monthly list of the adjudicated appearance tickets, along with the final disposition and the amount of fines imposed and collected. This would also allow the Commission to determine if the District Attorney/Courts have addressed all of the appearance tickets issued, and to determine the actual amount of fines levied. This information may be useful in justifying authorization for performing inspections on an overtime basis.

The Commission should pre-number the Orders to Remove Violations using a system that ensures the orders can be accounted for and tracked to each division. A computerized schedule should be maintained that lists all orders issued, including the number of the order, the location (facility) to which it was, and the nature of the violation. A supervisor should ensure that follow-up inspections are performed so that all violations are corrected. Pertinent information including the date of the re-inspection, inspector's name, and resolution of the order should be recorded on the schedule.

⁵ N.Y. Crim. Proc. Law §2.10.30 (McKinney 2003)

⁶ N.Y. Crim. Proc. Law §2.20.1(d) (McKinney 2003)

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Outdated/Deficient Fee Collection System

Audit Finding (8):

According to a Commission official, the automated Fee Collection System, utilized since 1995, has not been updated since 1997, is not vendor-supported and will not run on newer generation hardware. An inoperable system could put the collection of revenues at risk, lead to loss of data and jeopardize the management of the office. While the county administration has been aware of the situation, it has not committed as to when a new system will be installed.

We noted the following deficiencies in the current system:

- The Fee Collection System does not provide for adequate monitoring of unpaid permit renewal fees or for automatic imposition of late fees. Nor does it generate a report of delinquent accounts for fire alarm permit renewals, or notification letters to those whose accounts are delinquent. From 1999 to 2001, the Commission processed and issued on average 17,162 permits per year. Even a five percent failure to renew rate would cost the Commission approximately \$43,000 in permit revenues per year. Additionally, imposition of late fees for these failures to renew could result in revenues of approximately \$13,000 per year. The Commission has not adopted manual procedures to correct these weaknesses; therefore it is unlikely that the Commission is collecting all revenue to which the county is entitled.
- The Fee Collection System does not automatically impose a \$15 late fee, as permitted by the Ordinance, if the payment for an alarm permit is over 120 days past due. According to a Commission official, the Fee Collection System does not generate a list of individuals who owe late fees. If two percent of the fees were tendered past the 120-day deadline the County would have collected penalty fees of approximately \$5,100.
- The Fee Collection System does not contain all the information necessary for the efficient mailing of permit renewals because it permits storage of only one address for each permit. Permittees, however, often require renewal notices to be sent to an address other than where the alarm is located. Consequently, many mailing addresses must be manually researched, resulting in hours of additional labor.

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Recommendations:

The installation of a new system should be a priority. The new system should enhance the division supervisor's ability to monitor and report on the activities of each division and inspector, including backlogs of inspection and plan reviews. The system specifications should address the weaknesses cited in the finding.

As an interim measure, the Commission should establish procedures to ensure that all permits for active alarm systems are renewed and that late charges are collected when renewal fees are not paid in a timely fashion. Penalty fees should be included in the follow up billings to those permittees who have not paid within the prescribed time.

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Responsibility for Fee Collection and Remittance

Audit Finding (9):

The Nassau County Fire Prevention Ordinance requires alarm companies to maintain records of the owner/lessee of each property for which they monitor alarms.⁷ According to Article 17.1 D 5, all licensed alarm companies, operating and/or providing service to automatic fire alarm systems/water flow devices subject to the ordinance must maintain records of all service and inspections, including dates, name of inspecting company, condition of equipment, and action taken to correct deficiencies. Records must be kept on the premises of the licensed alarm company and be available for inspection by the Fire Marshall. The companies are not responsible for ensuring their clients have valid permits.

The county does not require alarm monitoring companies to renew permits on their clients' behalf, bill clients for renewal fees (in conjunction with the companies' monthly bills) and remit the funds to the county.

Recommendation:

The Commission should consider proposing legislation making alarm companies responsible for ensuring that their clients have up-to-date permits, and allowing the Commission to accept payments from the companies on behalf of clients for alarm registrations and permit renewals. The alarm companies should also be required to submit a quarterly list of all systems they monitor within the county, showing additions and deletions, to enable the Commission to update its records and verify that permits are current.

⁷ Nassau County, N. Y. Ordinance No.56-1962, § 17, pages 1-6.

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Cash Receipts

Audit Finding (10):

The Commission requires that contractors and business owners pay fees in advance for plan reviews, inspections, and certain permits. The county recognizes these fees as revenue when received. The Commission credits these revenues to individual applicant accounts within its Fee Collection System, reducing the account when the work is performed. As of August 13, 2004, there was a balance on account of \$1.7 million.

We found that internal controls over these prepaid fees are weak because there are no written policies and procedures describing the process to be followed for reducing applicant accounts for the value of services performed. There is no assurance that applicant accounts are properly reduced whenever work is completed. Additionally, controls do not limit the number of individuals who have the ability to reduce the accounts. According to an inspector, each employee who performs a fee based service reduces the applicant account when the work is completed.

The supervisor in charge of the Fee Collection System stated that these accounts have not been reviewed for inactivity or accuracy. Amounts held on account for the applicants are summarized on a "Balance on Account Report." We found, however, that the report does not list either the last date of activity for each account or provide an aging of the balances. The department does not contact applicants to determine if excess payments should be returned, or held to cover future services. A review of several balances revealed accounts had no activity for up to four years. As a result, the county has overstated revenues and is holding funds that should be returned to applicants.

Recommendation:

The Commission should establish procedures that comply with Control Directives issued by the Comptroller. These procedures should limit the number of employees who make entries to applicant accounts and ensure that applicant accounts are reduced whenever a fee based service is performed. These directives are available on the Comptroller's website: <http://www.co.nassau.ny.us/comptroller/Directives.html>

Applicant accounts should be reviewed periodically to ascertain whether the funds should be returned to the applicant, and that the balances on account have been reduced for the services performed. To facilitate this review, the Commission should utilize the Fee Collection System to generate periodic reports of balances on account that are outstanding for more than a predetermined amount of time. If the Commission is unable to return the outstanding amounts to applicants, the county should forward the unclaimed funds to the state.

FINDINGS AND RECOMMENDATIONS

Use of Internet Technology

Audit Finding (11):

The Commission does not use the internet to provide information and services to the public. As a result, the Nassau County Fire Prevention Ordinance is not readily available to the public. (The County E-Government Plan proposes the use of the internet for payment and renewal of fire alarm permits and to apply for registration and inspections of underground fuel tanks.)

Recommendation:

The Commission, in conjunction with the Department of Information Technology, should develop a web site to:

- a. provide essential information, including the Nassau County Fire Prevention Ordinance;
- b. permit cash payments and transaction processing; and
- c. enable the public to file applications online.

Internal Controls for Receipts by Mail

Audit Finding (12):

An important element of internal control is the segregation of duties between the receipt of funds and the recording and deposit of those receipts. The Commission does not require two or more designated employees opening the mail to maintain a log of checks received for verification by the cashier to the amounts recorded and deposited. Without such a list, the Commission cannot ensure that all receipts were recorded and deposited.

Recommendations:

The Commission should review the Comptroller's Control Directive No. 3: Cash Receipts, issued June 24, 2004, which require two or more designated employee's to open the mail and prepare a log of the day's receipts. The cashier should verify that the total receipts listed agree to the cash receipts recorded and deposited for that day.

The full text of the directive is available on the Comptroller's website:

<http://www.co.nassau.ny.us/comptroller/Directives.html>

FINDINGS AND RECOMMENDATIONS

Overlap in Hours Worked

Audit Finding (13):

Some Commission employees also work for the Nassau County Vocational Education and Extension Board (“VEEB”) and provide fire service training as instructors for VEEB. VEEB pays these instructors and submits a claim to Nassau County for reimbursement. The Nassau County Board of Ethics Opinion No. 104-2003 allows the Commission’s employees to serve as instructors.⁸

Our examination of two of seven employees, covering four pay periods, found that in two instances an employee worked overlapping hours at the Commission and VEEB. The times in question were minimal: 15 minutes and 30 minutes. However, the employee was paid by both the county and VEEB for the same time. In addition, there were two days where VEEB’s time sheets did not indicate the hours worked; therefore, we were unable to verify that the employee was not paid by both the county and VEEB for the same hours.

Recommendation:

To ensure that Commission employees are not paid concurrently by both the county and VEEB, VEEB should submit time sheets with its reimbursement claims for those employees who are also employed by the Commission. The Commission should compare VEEB’s time sheets to the employee’s Nassau County time sheet for duplication of hours prior to approving the VEEB claims for payment.

⁸ Board of Ethics Opinion No. 104-2003, February 21, 2003, page 3
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FINDINGS AND RECOMMENDATIONS

Time and Leave

Audit Finding (14):

The majority of the Commission's overtime authorization forms we reviewed were not completed in accordance with county procedures. The instructions on the "Request and Authorization to Work Overtime" form (the "overtime form") require the employee's supervisor to sign it, attesting that the overtime has been requested, authorized, and actually worked.

Our test of four employees' overtime requests (113 requests reviewed), covering 12 pay periods, revealed:

- for one employee, none of the overtime forms reviewed had the required supervisor's signatures requesting the overtime and verifying that the overtime was worked;
- for one employee, 11 overtime requests covered more than one day. There should be an individual authorization form for each day's overtime because the form was designed to pertain to a specific day, for a specific reason, with the time worked for that day.
- there were 20 occurrences where one of the required signatures were missing; and
- none of the time sheets examined were signed by a timekeeper.

We also found that the Commission did not comply with the instructions on the "Employee Request and Authorization for Leave" form requiring both the section timekeeper and the payroll clerk sign the form. We examined a total of 21 requests and found 19 that were not signed by both the timekeeper (to acknowledge that the leave was properly posted to the time sheet) and by the payroll clerk (to acknowledge that the leave was posted into NUHRS, the Nassau Unified Human Resource System). These signatures are necessary to affix responsibility for properly recording all leave taken on the time sheets and entering it in NUHRS.

Recommendation:

The Commission should ensure that it complies with county time and leave authorization and recording procedures.

DEPARTMENT'S RESPONSE

Audit Finding (1)-Department's Response:

Recovery of Costs – the report recommends that the Fire Commission should impose fees for all services that it performs including services to other municipalities. We have never charged a fee to another governmental agency and I am not sure that we can legally charge them. The report also states that we do not charge a fee for tents or propane plans. Actually, we do charge a fee for both tents and propane; however, since these plans are not as comprehensive or complex as other plans that we review, the fee is substantially less.

It was recognized in the report that we re-instituted, on an overtime basis, night safety checks, weekend inspections and holiday safety checks during the second half of 2003. As a matter of fact, fees collected and fines generated from these inspections are more than double the cost of the overtime. These programs not only enable us to conduct vitally important inspections, but they also produce revenue for the County.

Also as suggested in the report, we are in the process of developing a more equitable fee schedule for emergency lighting tests and we are reviewing a fee schedule to re-examine rejected plans. As you are aware, all of our fees are subject to approval by the Legislature.

Auditor's Follow up:

The department should request the County Attorney's opinion as to whether and how the department can impose fees on other municipalities for services the department provides to them, including whether legislative authorization is required.

*Our audit recommended that the department pursue legislative authorization to impose fees for **inspections** of tents and propane tanks where a permit is required, not for fees imposed for a **review** of tent and propane plans prior to the issuance of a permit.*

We concur with the actions taken by the department to re-institute weekend and night inspections during the second half of 2003. The analysis presented on page 2, Budgetary Impact of Enforcement Actions, demonstrates that when the administration limited overtime in 2002, the department's net revenue decreased by \$205,207.

The department and administration should have procedures in place to ensure that operations that result in positive net revenues and provide for public safety not be unnecessarily curtailed.

DEPARTMENT'S RESPONSE

The department's response did not address our recommendation that it consider, as an alternative to overtime, the use of staggered shifts to have inspectors available on nights and weekends to perform inspections on a straight-time basis.

Audit Finding (2)-Department's Response:

Haz Mat Cost Recovery – presently we do not bill a spiller for time and material at a Haz Mat incident. For the most part, if we mitigate an incident the spiller is required to hire a clean up contractor to clean the spill. Usually if we used disposable equipment at the scene, we get it back from the spiller's contractor. We will look into the feasibility of billing spillers for time and material; however, my fear is that the public will hesitate calling our Haz Mat team if a fee is imposed for their services. The end result of not being called could be disastrous.

Auditor's Follow up:

The Division supervisor stated that, the majority of the time, the Haz Mat team is requested to respond to scenes by the local fire departments (mostly for commercial responses); therefore, "the public" (or the spiller) does not make a majority of the calls. As recommended in the report, the Department should recover its labor costs as well as the cost of unreplaced materials not currently being billed.

Audit Finding (3)-Department's Response:

Logs of Work Performed – since the completion of the audit, we have instituted a computerized logbook. Each Inspector, Supervisor and Clerical staff member logs their daily activities and time spent on each activity "within reason" into the system. Supervisors routinely check the electronic logs to insure that the logs are complete, up-to-date, and accurate. From this system we are able to generate reports that can track activities throughout our office and in some cases we have used these reports to reallocate resources.

The Haz Mat Division was created at the request of the Nassau County Fire Service to provide a 24-hour immediate response team. They could not effectively provide this resource if they were "on call". There is no pattern for Haz Mat incidents nor is there any way to predict when an incident may occur.

Like any other emergency service agency, Haz Mat experiences down time. Whenever practical, Haz Mat does assist other divisions with inspections, such as tent inspections, propane inspections, night safety issues and other inspections that do not require uninterrupted attention.

DEPARTMENT'S RESPONSE

Auditor's Follow up:

We concur with the department's corrective action plan to institute a computerized logbook to monitor employees' activities and evaluate the use of human resources. At the time of the audit there were no reports available to establish a pattern for Haz Mat incidents and the divisional supervisor stated that night shifts have more downtime, particularly on weekends. To staff Haz-Mat effectively, we recommend that the department prepare monthly reports of Haz-Mat incidents by day, date and time. (For example, 8AM-4PM, 4PM to Midnight and Midnight to 8AM, weekdays and weekends) to identify whether incident patterns exist and consider adjusting staffing schedules accordingly.

Audit Finding (4)-Department's Response:

Utilization of Fire Inspectors - I agree with the audit that we do have Fire Inspectors doing clerical work. If I had a clerical staff appropriately sized for my organization, Fire Inspectors would not have to do clerical tasks and they would be free to do the duties commensurate with their job titles. Many of the clerical duties performed by our clerical staff and inspection staff are vitally important to the running of our organization. Until I have sufficient clerical personnel to perform these tasks, Inspectors will have to help fill the void.

Auditor's Follow up:

The department should:

- 1. determine its long term clerical needs, giving consideration to the expected impact of the new fee collection system. The department should then be staffed to minimize the need for Fire Inspectors to perform clerical duties.*
- 2. determine if the county's Printing and Graphics Department can provide the mailing service or, alternatively, contract out the mailing of permit renewals to free up clerks to perform clerical duties performed by inspectors.*

Audit Finding (7)-Department's Response:

Appearance Tickets – it was recommended that we request the District Attorney's Office to provide a monthly list of adjudicated appearance tickets along with the final dispositions and the amount of fines imposed and collected. We are presently in the process of working with the District Attorney to generate this report and hopefully it will be resolved shortly.

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DEPARTMENT'S RESPONSE

Auditors Follow up:

We concur with the corrective action being taken by the department.

Audit Finding (11)-Departments Response:

Use of Internet Technology – we are presently working with the Information Technology Department to develop a web site that will eventually enable the public to file applications on line, access the Fire Prevention Ordinance and pay for permits and licenses on line.

Auditor's Follow up:

We concur with the corrective action being taken by the department.

Audit Finding (14)-Department's Response:

Time and Leave – members of our staff spent countless hours with the auditors on the subject of time and leave records. We have one secretary who handles time and leave. We do not have a separate timekeeper or payroll clerk; also our time sheets are different than the standard County standard time sheet (our time sheets were approved by the Comptroller's Office several years ago).

I do not hesitate to say that our records are complete and accurate. We will do our best to comply with County time and leave authorization and recording procedures as long as it is practical and reasonable that we do so.

DEPARTMENT'S RESPONSE

Auditor's Follow up:

Our audit revealed that time and leave records of the department are not complete and accurate. Complete and accurate records require that the timesheets and forms authorizing and verifying overtime be signed by an employee in a supervisory capacity.

We found that:

- *overtime forms did not have the requesting supervisor's signature authorizing or verifying the overtime worked;*
- *overtime slips were submitted covering multiple days instead of single days; and*
- *while the department's response stated that they have no timekeeper, the department's timesheets contain a certification that the time record was attested to by authorized timekeepers.*

Records with these deficiencies cannot be considered complete.

Audit Findings (5),(6),(8),(10) & (12) Department's Response:

Inspections, false alarm records, outdated/deficient fee collection system, cash receipts and internal controls for receipts by mail. I agree with most of the information in the audit concerning these areas and I also agree with most of the recommendations. However, the remedies for all of these problems and recommendations revolve around 2 issues. The need for additional personnel, especially clerical, and the need for a new computer and fee collection system. Until these two issues are addressed, we will continue to do the best we can with the existing computer system and the present staff on board.

Auditor's Follow up:

We concur that the department should obtain a new computer system to:

- *enhance the fee collections;*
- *improve the information flow of the departments divisional activities, current workload and backlog; and*
- *provide statistical data for management reporting.*

After a new computer system is implemented, the department should determine whether the technology eliminates or reduces its needs for additional, permanent clerical personnel. In any case, at that time, fire inspectors should be reassigned from clerical to fire inspection-related duties.

DEPARTMENT'S RESPONSE

Auditor's Note: The department did not respond to our recommendations in:

- *Audit Finding 9: to consider proposing legislation making alarm companies responsible for ensuring that their clients have up-to-date permits, and allowing the Commission to accept payments from the companies on behalf of the clients for alarm registrations and permit renewals. The Commission should consider this as an alternative to directly collecting fees from all individual home owners or obtaining payment from the alarm companies from those individual home owners who did not pay the renewal permit fee.*
- *Audit Finding 10: to determine if some of the \$1.7 million in advance receipts held by the department for plan reviews and inspection should be returned to the applicants. The department should promptly review the accounts to determine if any of the funds should be returned.*
- *Audit Finding 13: to initiate corrective action to ensure that there is no overlap in hours worked by department employees and hours worked at VEEB as a teacher.*