

September 2002

The County Council and County Executive
of Prince George's County, Maryland

We have conducted a performance audit of the

FIRE/EMS DEPARTMENT

in accordance with the requirements of Article III, Section 313, of the Charter for Prince George's County, Maryland. Our report is submitted herewith. The scope of the audit and our findings, comments, and recommendations are summarized on the following page.

Successful implementation of some of the recommendations that appear in this report will require action by the Fire Chief and the Volunteer Fire Commission. Implementation of other recommendations will require the cooperation of agencies whose activities affect those of the Fire/EMS Department.

We have discussed the contents of this report with appropriate personnel of the Fire/EMS Department and the Volunteer Fire Commission, and wish to express our sincere gratitude to them for the cooperation and assistance extended to us during the course of this engagement.

David H. Van Dyke, CPA
County Auditor

Lawrence E. Cain, Jr.
Staff Auditor

FIRE/EMS DEPARTMENT

SUMMARY OF PERFORMANCE AUDIT

SEPTEMBER 2002

The Office of Audits and Investigations performed an audit of the Fire/EMS Department in accordance with the County Charter. In the performance of our audit, we evaluated the Volunteer Fire Companies' compliance with the Volunteer Station Management Program's (VSMP) Agreements and General Conditions, and the Length of Service Award Program's (LOSAP) procedures. The major areas of concern addressed in our report are:

- ?? Non-compliance with VSMP Agreement provisions and General Conditions.
- ?? Detailed reviews of VSMP expenditures needed and monitoring of the VSMP needs enhancement.
- ?? LOSAP procedures and forms need minor revisions.
- ?? LOSAP points earned should be randomly compared to support documentation for verification purposes.
- ?? The number of volunteer earned LOSAP credit years should be compared year to year for accuracy.
- ?? Instances in which LOSAP Annual Certification forms were inaccurate or incomplete.
- ?? The need for enhanced training for Volunteer Fire Companies' VSMP and LOSAP chairpersons.
- ?? Accurate recordation of LOSAP benefit payments.

We wish to thank the Fire/EMS Department and the Volunteer Fire Commission for their assistance and cooperation. We are available to provide assistance in implementing the recommendations contained in this report, or in any other area where the Department may have concerns or questions.

CHAPTER 1

VOLUNTEER STATION MANAGEMENT PROGRAM

INTRODUCTION AND SCOPE

Prince George's County, on behalf of the Fire/EMS Department, agrees to fund each of the Volunteer Fire Companies (Companies) on an annual basis through the Volunteer Station Management Program (Program). The Agreement and General Conditions specify the purpose of the Program and the conditions in which to expend the funds. Program funds generally should be used for fire department related operations and for volunteer incentive activity. The funds are distributed semi-annually, totaling approximately \$16,000 per Company for the year. In fiscal year 2000-01, \$710,500 was distributed to the Companies.

The Companies are required to maintain complete, accurate and auditable financial records for the receipt, application and expenditure of Program funds. The Volunteer Fire Commission (Commission) reviews the financial records semi-annually. Program funds must be maintained in a separate bank account. Payments must be made by check signed by two duly elected, authorized Company officers. A Company is permitted to hold a Program reserve balance, not to exceed \$4,400, at the end of a fiscal year.

We reviewed the July 1, 2000 through June 30, 2001 Program records and expenditures for 23 of the 45 Companies. These Companies received Program funds totaling \$367,000 during this time period.

FINDINGS, COMMENTS AND RECOMMENDATIONS

Based on our detailed review of Program expenditures and records, we found issues of non-compliance and questionable transactions totaling \$42,471.75 for the 23 Companies we reviewed. The following is a general list of non-compliance and questionable transactions.

- ?? Instances in which only one signature was on the check.
- ?? Some Companies did not provide all cancelled checks for review.
- ?? Checks were made out to cash or given out blank.
- ?? Payments were not supported by receipts or invoices or were supported by a handwritten receipt.
- ?? Payments for pest control and trash services that are already provided through a County contract.
- ?? Payments in which no detailed information was available to determine if the expense was authorized and appropriate (such as the detailed information for phone bills).
- ?? Payments were for the purchase of unauthorized items such as alcohol and appliances (ice machine, copier, washer, and dryer).
- ?? Large payments were made for major renovations that should have been performed by the County.
- ?? A related party (volunteer) was paid for cleaning the Company hall. No detailed information recorded to explain the specific services performed by the individual.
- ?? Payment in which an individual was overpaid.
- ?? Receipt was dated four months earlier than payment date and applicable to the previous Program year.
- ?? Some gas expenditures and phone expenditures appeared to be excessive.
- ?? Expenditures were incurred through a related party (Company volunteer). Current Program procedures require that this must be disclosed on the tracking form. We did not note on the forms where this was so indicated.

- ?? Payments over \$1,000 were not always approved or not approved in writing by the Commissioner overseeing the Company or by the Fire Commission. (Eighteen payments were over \$2,000 which require Fire Commission approval.)
- ?? Questionable/unexplained long distance phone bills that included calls to overseas locations.
- ?? Program funds were used for vending machines and to purchase or obtain items for sale, which is not authorized. Program funds are not to be used for profit. Also, profits from sales were not returned to the Program's account but to the individual Company's account, which is co-mingling funds and not authorized.
- ?? All required data not always recorded on the tracking forms.
- ?? Refund of an expense was not accounted for in the checking account.
- ?? Companies had reserve balances over the \$4,400 limit as of June 30, 2001.

The above non-compliance and questionable transactions should not occur and actions need to be taken to minimize the misuse of County funds. Similar types of transactions were noted in our prior audit report on this Program. Additional emphasis, more detailed reviews and controls need to be implemented to minimize these types of transactions. We therefore recommend that:

- 1. The Fire Commission conduct more detailed reviews of the Volunteer Station Management Program records and expenditures to ensure the above findings no longer occur. The officers of the Companies should be advised of the findings and emphasis placed on compliance with the Volunteer Station Management Program Agreements and General Conditions.**
- 2. The Fire Chief and the Fire Commission request reimbursement from the Companies and/or volunteers for any purchases that do not comply with the Volunteer Station Management Program Agreements and General Conditions.**
- 3. The Fire Chief review and consider strengthening the Volunteer Station Management Program procedures and controls for the following areas:**
 - ?? **Implement a telephone and cell phone policy that is specific as to personal use and long distance calls. Limits should be considered.**

- ?? Reiterate that funds should not be expended on services already provided through County contracts that support the Companies and that the Companies should make arrangements with the County to obtain additional services when needed.
- ?? Reserve balances should not exceed the established limit.
- ?? Ensure the gas usage limit is not exceeded and require that Companies record vehicle identification on the receipt.
- ?? Set a limit for repairs to distinguish what is considered a minor or major repair.

4. The Fire/EMS Department and the Fire Commission conduct a training session at the beginning of each fiscal year with all of the Companies' Volunteer Station Management Program chairpersons regarding Volunteer Station Management Program procedures, guidelines and requirements.
5. The Fire Chief consider assigning a Departmental staff member to attend and participate in the bi-annual Volunteer Station Management Program reviews conducted by the Fire Commission.
6. The Fire Chief require the Fire Commission to submit, after each bi-annual review of Volunteer Station Management Program records and expenditures, a report to the Fire Chief listing all payments or expenditures, by Company, that are questionable or unauthorized and all other non-compliance issues.
7. The Fire Commission require that the Companies obtain written authorization for all Volunteer Station Management Program payments over \$1,000.

CHAPTER 2

LENGTH OF SERVICE AWARD PROGRAM

INTRODUCTION AND SCOPE

Prince George's County established the Length of Service Award Program (LOSAP) that provides annuities to active volunteer members in the County's Volunteer Fire Companies (Companies). Volunteers receive the annuity at age 60 once they have earned 25 years of service credit. Benefits provided under LOSAP include survivor annuities and lump-sum death benefits.

A volunteer must earn a minimum of 50 points for services provided to the Company during a fiscal year to receive one year of service credit. Points are earned for attendance and participation in training, drills, meetings, calls responded to, sleep-in and standby duties, holding an appointed or elected officership or chairmanship, collateral duties, and active duty service in the armed forces while a volunteer member. LOSAP procedures stipulate yearly maximum number of points that can be earned per service category. Company records of attendance and participation in services must support all points earned. Specific forms are used to record: (i) when a volunteer became an active member, (ii) service points, (iii) number of points earned for the fiscal year, and (iv) the total number of years of service credit.

Each Company is responsible for maintaining adequate and accurate records of services performed by volunteers, recording volunteer LOSAP data on the required forms, and submitting the forms to the Volunteer Fire Commission (Commission). The

Commission is responsible for reviewing and approving the list of volunteers receiving credit for the year.

During our audit, we reviewed the fiscal year 2000-01 LOSAP records and forms for 23 of the 45 Companies.

FINDINGS, COMMENTS, AND RECOMMENDATIONS

Form #1023, verification of data form, is signed by each volunteer and is used to document when a volunteer became a member and the total number of years of service credited since becoming a member. Form #1024, Annual Certification form, is used to record the number of occurrences or hours and number of points earned by each volunteer for each service performed during the fiscal year, and to certify the number of points earned. Form #1025, Annual Report of Certifiable Service form, is used to maintain a record of volunteers who receive service credit, including the total number of years earned since becoming a volunteer member.

During our audit, we selected a sample of Form #1023s and Form #1024s to review for accuracy and completeness. Additionally, we selected a sample of Form #1024s to verify points earned to actual Company records. The following is a general list of our findings (Schedule 1 provides a detailed breakdown of the findings by Company):

?? A number of Form #1023s were unavailable for review.

?? A number of Form #1024s were inaccurate. Points were inaccurately totaled or calculated. We also found that some Form #1024s were unsigned.

?? Standby and sleep-in duties were not consistently recorded on Form #1024s. Some Companies recorded hours and others recorded number of occurrences. The Form

does not specifically state what should be recorded. Thus, many points were credited incorrectly when hours were recorded on the Form.

?? Per LOSAP procedures, a standby duty is defined as an on-duty activity lasting four hours. However, we learned that hours are accumulated throughout the year, even when less than four hours per duty are performed, and then divided by four to earn points. The Fire Commission and the Fire/EMS Department considered this acceptable. The LOSAP procedures and the County Code need to be revised to reflect this new procedure.

?? We were unable to verify points earned to actual support records maintained by Companies for some of the sampled records. Several Companies provided only partial records or no records at all. We also learned that the Fire Commission does not verify points earned to support records to ensure the validity of the data on Form #1024s.

?? We found that the format used by Companies to track services performed by the volunteers is not consistent system-wide.

We recommend that:

- 1. The Fire Commission ensure that Form #1023s are completed yearly and available for review, and that Form #1024s are completed accurately and completely.**
- 2. The Fire Commission revise Form #1024 to require that the number of times standby duties are performed be recorded on the Form.**
- 3. The Fire Commission and the Fire Chief take the necessary steps to revise the Length of Service Award Program procedures and the County Code to state that standby hours can be accumulated throughout the year and divided by four to determine the number of points that can be earned for this service.**

4. The Fire Commission randomly select Companies each year to compare Length of Service Award Program points earned to actual records of services performed by the volunteers. The Fire Commission should also establish specific formats to be used system-wide by all Companies in maintaining records of services performed by the volunteers.

During our audit, we also reviewed a sample of Form #1025s to ensure that the number of years of service credit for volunteers were accurate in total and from year to year. We also wanted to ensure that all volunteers who had earned 50 points for the year were recorded on the Form and received the appropriate credit. The following is a general list of our findings:

?? We were unable to verify the total number of years of service credit for some volunteers as to when they became members since their Form #1023s were unavailable. In some instances, records from other Companies where they previously volunteered were unavailable. Records were not transferred or information was not forwarded to the new Company. Additionally, the Form #1025s did not always reflect the volunteer's initial date he/she became a member, but when the volunteer became a member at the current Company. The Form #1025 does not have an area to record the time frame a volunteer served at other Companies. This would be beneficial for comparison to the number of years of service credit recorded on the Form under the column "years in other Departments."

?? Some volunteers received more than one year of service credit in one year. We were unable to obtain data to verify the extra year(s) of service credit. The Form #1025s were not documented nor was other documentation attached to the Form to justify why more than one year of service credit was awarded.

?? We found that the Commission does not compare the current year's Form #1025 to the prior year's Form #1025 to ensure that only one year of service credit was awarded.

?? We found incidents where volunteers had received 50 points or more but were not listed on the Form #1025.

?? We found that some Companies did not record a volunteer on the Form #1025 if he/she did not receive service credit for the current year. Even if volunteers did not receive service credit during the current year, all volunteers who received service credit at some point in the past should be recorded on the Form #1025 each year so that service credit years can be compared from year to year. The Form #1025 should be revised so that a check mark or some type of indicator can be recorded by each volunteer's name who receives credit for the current year.

?? We learned that some volunteers live out-of-state but still receive LOSAP points and service credit. We understand that some volunteers may be part-time residents or students who live in the County part-time or live in nearby states and commute to the County. However, we found that some volunteers live in states that are significantly distant from the State of Maryland. We also understand that the LOSAP procedures do not specify that volunteers must live within the State, but must be an active member who earns 50 points each year to receive service credit. We were unable to obtain any specific definition pertaining to active members' residency status. We feel that for a volunteer to receive LOSAP points, he or she should be an active member at the Company on a regular basis. The LOSAP was established to award benefits to

volunteers who actively serve the Company, community and County. We believe that the Fire/EMS Department should review this policy issue.

We recommend that:

- 5. The Fire Commission ensure that Companies forward volunteer Length of Service Award Program records to other Companies when a volunteer transfers to another Company.**
- 6. The Fire Commission revise Form #1025 to record a volunteer's years of membership at other Companies; and provide an area on the Form to indicate when a volunteer receives service credit during the current year.**
- 7. The Fire Commission compare the current year's Form #1025 to the prior year's Form #1025 to ensure only one year of service credit is received by volunteers each year. If a volunteer receives more than one year of service credit in a given year, then it should be noted on the Form #1025 or documentation should be attached to the Form to justify the additional service credit.**
- 8. The Fire Commission ensure that all volunteers who earned 50 or more Length of Service Award Program points during the year are recorded on Form #1025. The Fire Commission should also ensure that volunteers, who did not receive service credit during the current year but at some point received credit in the past, are recorded and carried forward on the Form #1025 each year.**
- 9. The Fire Chief review the County's policy regarding residency for an active member.**

To ensure that all Company LOSAP chairpersons are knowledgeable of and consistently comply with LOSAP procedures, especially new chairpersons, we recommend that:

- 10. The Fire/EMS Department and the Fire Commission conduct annual Length of Service Award Program training sessions at the beginning of each fiscal year with all Company Length of Service Award Program chairpersons regarding Length of Service Award Program procedures, guidelines and requirements.**

During our audit, we reviewed a sample of volunteer records for those who are receiving LOSAP benefits. We verified records through the Social Security Administration (SSA) to ensure that individuals were still eligible to receive benefits.

We found that two volunteers had recently passed away, but according to payroll records had received payments for the following month. According to Office of Personnel staff, the two volunteers' spouses were entitled to benefits under LOSAP. The first payments to the spouses were delayed to offset the extra payment to the volunteers.

Office of Personnel staff stated that they are normally informed of a volunteer's death by the family or the beneficiary, and that any extra payments are offset from the benefits paid to the spouse or beneficiary. Staff does not periodically verify with SSA the status of volunteers who receive benefits. To ensure that volunteers continue to be eligible to receive benefits, and to minimize the risk of loss to the County, we recommend that:

11. The Director of the Office of Personnel require Benefits Division staff to periodically verify the status of a portion of Length of Service Award Program members who receive benefits with the Social Security Administration.

When an extra payment to a volunteer is offset by delaying the benefit payment to a spouse or reducing the death benefit to a beneficiary, the extra payment is incorrectly recorded to the volunteer's year-end wage statement versus the spouse's or beneficiary's year-end wage statement.

We also learned that the Office of Finance, Payroll Unit, will reverse direct deposit payments if they are notified of a volunteer's death prior to the deposit being processed. However, we learned that the Unit is not always advised of a volunteer's death or when benefit payments are reassigned to a spouse or beneficiary.

To ensure that benefit payments are properly recorded to the correct year-end wage statements and that payroll records are maintained accurately, we recommend:

- 12. The head of the Office of Personnel, Benefits Division, request reimbursement from the spouse or beneficiary for any extra Length of Service Award Program payments to a deceased volunteer. (Extra payments should no longer be offset by delaying payments to the spouse or reducing the death benefit to the beneficiary.) The reimbursement should be forwarded to the Office of Finance, Payroll Unit, for adjustment to payroll records.**
- 13. The head of the Office of Personnel, Benefits Division, advise the Office of Finance, Payroll Unit, immediately upon notification of a volunteer's death, and when adjustments are made to Length of Service Award Program payee records.**

LENGTH OF SERVICE AWARDS PROGRAM

SUMMARY OF AUDIT FINDINGS

VFD Company #	VFD Name	Number of volunteers who received LOSAP service credit for FY2001	Number of Form #1023's selected for review	Form #1023's not available for review	Number of Form #1024's selected for review	Number of Form #1024's incomplete	Number of Form #1024's inaccurate	Inadequate number of points after recalculation to get one year's service credit	Standby/Sleep-in points miscalculated on Form #1024	Number of Form #1024's selected to verify points to support records	Unable to verify 50 points per Company	All Company support records provided (Y/N/Partial)	Number of volunteers selected from Form #1025 to verify total years of service credit	Number of volunteers unable to verify total years of service credit (Note 1)
24	Accokeek	50	15	2	30	0	23	0	23	30	0	Partial	30	5
1 & 41	Beltsville	50	25	11	40	0	3	0	0	20	0	Y	40	1
14	Berwyn Heights	61	30	0	30	0	27	0	27	30	0	Y	30	3
9	Bladensburg	71	31	31	31	0	0	0	0	31	31	N	31	1

45	Upper Marlboro	44	16	0	30	0	1	0	0	30	0	Y	30	0
27	Morningside	34	30	0	30	0	7	0	7	30	0	Y	30	8
3	Mt. Rainer	17	23	0	23	0	17	2	17	23	2	Partial	23	10
42	Oxon Hill	30	60	16	60	0	17	4	15	60	7	Partial	60	6
	TOTAL	847	460	110	591	8	197	13	184	556	120	N/A	561	66

NOTE 1: Additional support document unavailable to verify "Other Years" earned from other stations to complement total number of years claimed on Form #1025

(Annual Report of Creditable Service).