

# **Ventura County Fire Protection District Material and Inventory Controls**

## **Summary**

A citizen complaint submitted to the Ventura County 2004-2005 Grand Jury alleged that lack of controls in the materials acquisition procedures within the Ventura County Fire Protection District (VCFPD), had subjected the VCFPD to misuse and theft of equipment in the past, and that the lack of controls left the district currently vulnerable to misuse and theft of equipment.

The inquiry by the Grand Jury could not substantiate that the alleged theft or misuse of equipment had taken place or that the VCFPD had ever owned the stated equipment. However, the investigation led to an evaluation of how the VCFPD orders, receives, and accounts for materials purchased to support department operations. This evaluation led the Grand Jury to conclude that, while a determined thief can almost always find a way to steal, sufficient controls are in place to ensure that the risk of equipment theft and misuse is effectively managed by VCFPD staff and management.

## **Background**

The Grand Jury received a citizen complaint stating that, several years ago, poor administrative controls and lack of policy enforcement allowed an employee to acquire and convert an item of office equipment to personal use.

According to the complainant, this alleged theft or misuse of equipment was never discovered or reported at the time. The complainant also stated that, apparently, the lack of procedures and controls that allowed the theft or misuse had never been corrected, opening the possibility that the accused or some other employee might also take VCFPD equipment.

After an initial inquiry to determine the status of any reported crime, the Grand Jury initiated a limited investigation into the administrative controls and procedures that the VCFPD had put in place to assure that equipment is approved, purchased, received, inventoried, and controlled in an effective manner.

## **Methodology**

The Grand Jury interviewed present and prior employees of the VCFPD, reviewed relevant documentation regarding equipment management as well as the Ventura County Administrative Policy on Equipment Management. Interviews were conducted with the complainant and selected witnesses. The Grand Jury also conducted interviews with VCFPD personnel to better understand the material acquisition and management processes.

## **Findings**

- F-01.** The VCFPD, headquartered in Camarillo, is a special district with over 500 employees at various locations throughout the county.
- F-02.** The VCFPD provides proactive identification and education on fire-related threats, emergency response services, and various services that support the mission. Emergency services include fire response, rescue services and emergency medical care.
- F-03.** There are over 30 locations serving the unincorporated areas of Ventura County as well as the incorporated cities of Camarillo, Port Hueneme, Moorpark, Ojai, Simi Valley and Thousand Oaks.
- F-04.** The VCFPD does not have its own internal written policy. However, it follows the county's policies for property control as noted in the Ventura County Administrative Policy on Equipment Management.
- F-05.** Most routine purchases are performed by the Purchasing Technician at the VCFPD administrative offices. Station captains place their orders through a standard form that is e-mailed to the Purchasing Technician. After the orders are filled, the requested items are delivered to the stations.
- F-06.** Credit cards are provided to station captains to accommodate immediate needs and minor emergencies. VCFPD reports that centralized purchasing is not as efficient or conducive to doing business 24 hours, 7 days a week, especially when the department must respond to emergency situations.
- F-07.** Open purchase orders at local companies are used by the stations primarily for repairs and maintenance. Items acquired on these purchase orders are taken directly to the station.
- F-08.** Receiving of the ordered goods is performed at VCFPD's warehouse located at a leased facility at the Channel Islands State University. A new warehouse is currently under construction in Oxnard. The new warehouse will incorporate an intrusion alarm system and add motion sensors, perimeter security, outside video and fence intrusion detection.
- F-09.** The VCFPD's policy is that, with very few exceptions, all goods are sent from the vendor to the warehouse. One employee at the warehouse is designated as the primary receiver of goods. The receipt is entered into VCFPD's automated inventory system, which was implemented in May of 2004.
- F-10.** Standard items include fire hoses, foam nozzles, kitchen supplies, chairs, paper, pens, items from the standard supply catalog, and non-narcotic medical supplies. These items go straight into inventory.
- F-11.** If the item received is not a stocked item (non-standard), it is delivered directly to the requestor of the item. A signature of the requestor is obtained, if possible, on delivery.
- F-12.** A physical inventory is performed once a year. This inventory is required to establish the quantities and value of goods in the warehouse, or the reserve amount. A bar code feature of the new inventory management software will be implemented.

- F-13.** Pilferage problems in years past highlighted problems and VCFPD management responded with enhanced controls.
- F-14.** Staff and management report that the purchase approval and authorization is controlled through proactive management oversight designed to provide flexibility to a 24-hour, 7-days-a-week operation.
- F-15.** Staff and management state that writing procedures to cover all eventualities in an emergency-response organization would not be as cost effective as promoting management responsibility.
- F-16.** VCFPD management and staff report that sufficient procedures are in place to allow visibility and traceability of acquisitions and distribution of resources. They also report that improvements in the computer systems and management controls will allow them to control the processes more economically and with less manual effort.

## **Conclusions**

- C-01.** Twenty-four hour operations and multiple employee locations in an emergency-response environment dictate the need for flexibility in the material acquisition process. (F-06, F-14)
- C-02.** VCFPD personnel follow the County’s policies for property control as noted in the Ventura County Administrative Policy on Equipment Management, and they have internal controls. (F-04, F-13, F-14, F-16)
- C-03.** Because purchasing flexibility is required, there are unwritten procedures enforced through appropriate management controls. Examples include single points of purchase authorization, individuals responsible and accountable to management for received material, and management being aware of their employees' acquisitions. (F-04, F-14, F-15)
- C-04.** Adding the bar code capability to the physical inventory should make the process more efficient and accurate. (F-12)
- C-05.** Management is proactive in reviewing procedures and implementing new technologies to provide a cost-effective and appropriate level of control. (F-13, F-15)
- C-06.** VCFPD has cost-effective and adequate internal controls which should prevent all but the most determined theft or misuse of property. (F-04, F-13, F-14, F-16)

## **Recommendations**

None noted

## **Responses**

None required

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