



**Audit of the Ventura County Fire
Protection District's Reimbursement
Practices for Out-of-County Emergency
Assistance**

Report Date: August 12, 2024

Office of the Auditor-Controller
County of Ventura, California
Jeffery S. Burgh, Auditor-Controller

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Dustin Gardner, Fire Chief

Date: August 12, 2024

From: Jeffery S. Burgh

Subject: **AUDIT OF THE VENTURA COUNTY FIRE PROTECTION DISTRICT'S REIMBURSEMENT PRACTICES FOR OUT-OF-COUNTY EMERGENCY ASSISTANCE**

We have completed our audit of the Ventura County Fire Protection District's (FPD) reimbursement practices for out-of-county emergency assistance. Our overall objective was to determine whether FPD's reimbursement practices for out-of-county emergency assistance were sufficient to ensure that the maximum amount was received to adequately recover the cost of assistance provided.

Executive Summary

Overall, we found that FPD's reimbursement practices for out-of-county emergency assistance were sufficient to ensure that the maximum amount was received. For example, we verified that reimbursement amounts were accurately calculated, rates were appropriately applied, and all allowable amounts were included for reimbursement.

We also identified opportunities to increase the personnel reimbursement rate and to develop procedures for preparing reimbursement rates. Specifically, we found that:

- FPD could better maximize the reimbursement rate for the Firefighter classification by calculating the lower Firefighter Trainee rate separately, which could potentially increase emergency assistance reimbursements by thousands of dollars annually.
- FPD fiscal staff could benefit from formal policies and procedures for reimbursement of out-of-county emergency assistance.

FPD management initiated corrective action to address our findings. Corrective action is planned to be completed by December 31, 2024.

We appreciate the cooperation and assistance extended by you and your staff during this audit.

cc: Honorable Kelly Long, Chair, Board of Supervisors
Honorable Janice S. Parvin, Vice Chair, Board of Supervisors
Honorable Matt LaVere, Board of Supervisors
Honorable Jeff Gorell, Board of Supervisors
Honorable Vianey Lopez, Board of Supervisors
Sevet Johnson, Psy.D., County Executive Officer

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Background

The Ventura County Fire Protection District (FPD) provides emergency assistance to local, state, federal, and international governmental entities through a system of mutual aid and various agreements. Guidelines for requesting and responding to emergency incidents are outlined in contractual agreements, with the majority of FPD's reimbursable emergency responses occurring under two contracts:

- 1) The California Fire Assistance Agreement (CFAA) between the California Governor's Office of Emergency Services (Cal OES), California Department of Forestry and Fire Protection (CAL FIRE), five federal agencies, and all local governments throughout California. Under this agreement, FPD is called upon to respond to incidents, which may result in deployment of FPD resources inside or outside of California. The agreement includes procedures related to reimbursement for resources used while responding to a CFAA incident, as well as details on each reimbursable component.
- 2) The "Contract County" agreement between CAL FIRE and FPD. As a Contract County, FPD receives compensation for assuming fire prevention and suppression responsibilities for areas within Ventura County for which CAL FIRE would otherwise be responsible. A provision of this agreement allows CAL FIRE to request FPD's response to out-of-county incidents, which is known as Assistance-by-Hire (ABH). As a primary party to both contracts, CAL FIRE has generally adopted the CFAA reimbursement rates for ABH incidents.

To cover FPD's cost of assistance, both agreements allow for the reimbursement of personnel, vehicles, travel, minor equipment replacement, aviation, and administrative costs using specified methodologies. During Fiscal Year (FY) 2021-22, FPD received more than \$16.2 million in emergency assistance reimbursements through CFAA and ABH.

Scope

Our overall audit objective was to determine whether FPD's reimbursement practices for out-of-county emergency assistance were sufficient to ensure that the maximum amount was received to adequately recover the cost of assistance provided. Specifically, for incidents that occurred in FY 2021-22, we:

- confirmed that reimbursement rates were properly calculated, and
- verified that emergency assistance reimbursement amounts were accurately and appropriately calculated, collected, and recorded.

The audit was performed in conformance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by The Institute of Internal Auditors.

Findings

Overall, we found that FPD's reimbursement practices for out-of-county emergency assistance were sufficient to ensure that maximum reimbursement was received. For example:

- FPD accurately calculated the Administrative Rate, which is used to calculate the administrative reimbursement component, in accordance with CFAA instructions, including appropriately categorizing certain costs as allowable or unallowable and direct or indirect.
- The Administrative Rate calculation process included adequate controls to ensure the accuracy of the calculation and maximize the rate of allowable reimbursement.
- FPD's Salary Survey calculation, which is a predetermined rate per classification and based on average actual personnel costs, properly included all County personnel costs and was generally calculated in accordance with CFAA instructions.
- CFAA and ABH invoices were accurately calculated, rates were appropriately applied, and all allowable amounts were included for reimbursement.
- FPD's review process for invoices generated by Cal OES effectively identified and addressed errors to ensure accurate reimbursement.
- Invoiced reimbursement amounts were properly collected and recorded.

We also identified opportunities to increase the reimbursement rate for the Firefighter classification and to benefit from formal policies and procedures for reimbursement of out-of-county emergency assistance.

Following are details of the areas where improvements were needed. FPD management initiated corrective action in response to the audit as noted.

1. Opportunity to Increase Reimbursement for Firefighter Classification

FPD could better maximize the allowable reimbursement for the Firefighter classification under the CFAA agreement and the ABH component of the Contract County agreement. For the Salary Survey effective July 1, 2021, FPD calculated the Firefighter classification reimbursement rate by averaging the hourly overtime rate for two classifications: 1) the Firefighter classification; and 2) the Firefighter Trainee classification. However, the Salary Survey instructions stated that reimbursement rates should be calculated per classification, meaning that the Firefighter and Firefighter Trainee classifications should be calculated separately. Separating the classifications would have resulted in an estimated reimbursement increase for Firefighter personnel of \$9,464 for the two incidents we reviewed, which is 11% more than the \$82,550 reimbursed for personnel and applicable administrative costs.

Recommendation. FPD management should calculate the Firefighter and Firefighter Trainee classifications separately on the Salary Survey to ensure the maximum allowable reimbursement to recover the cost of responding personnel.

Management Action. FPD management stated: "FPD management agrees with this finding. FPD has separately calculated and submitted a salary survey for Firefighters and Firefighter Trainees. The resulting rate is effective for emergency incidents as of July 1, 2024."

2. Lack of Formal Policies and Procedures

FPD fiscal staff could benefit from formal, agency-specific policies and procedures related to reimbursement for out-of-county emergency assistance. We found that:

- A formal FPD policy, such as an Administrative Policy, had not been established to prescribe reimbursement for out-of-county emergency assistance. For example, a formal policy could provide background, definitions, and a policy statement, and communicate responsibilities, key reimbursement components, and general procedures in carrying out the program.
- FPD's informal step-by-step instructions for completing the Salary Survey was provided to staff in a format that could be easily manipulated by the user, risking revisions to the document without management's knowledge. Formalizing these procedures could include cross-references to an Administrative Policy and other reimbursement component procedures, such as the Administrative Rate calculation.
- Similar step-by-step instructions did not exist for the Administrative Rate preparation. We noted that both the Salary Survey and Administrative Rate calculations required significant amounts of data, coming from several different sources, and required certain analyses to sort and prepare the information. Therefore, Administrative Rate preparation could benefit from formal detailed instructions similar to the Salary Survey instructions.

If the Salary Survey and Administrative Rate are not prepared properly and submitted by the deadline, reimbursement will revert to the significantly lower standard Cal OES rates. The development of formal policies and procedures will help ensure that reimbursement rates are calculated and submitted properly, new staff are adequately trained, and FPD sufficiently recovers costs incurred for emergency incidents when allowable.

Recommendation. FPD management should formalize policies and procedures for reimbursement of out-of-county emergency assistance, including a department policy as well as procedures for the preparation of the Administrative Rate and completion of the Salary Survey. The procedures should cover the differences between what the CFAA instructions include and what steps FPD performs to develop the rates.

Management Action. FPD management stated: "As stated in the audit findings, FPD practices were sufficient to ensure maximum reimbursement was received, invoices were accurately calculated, review processes for invoices effectively identified and addressed errors to ensure accurate reimbursement. To provide further guidance, FPD will write a policy on emergency reimbursement, directing staff to use applicable agreements, depending on how resources are ordered.

"FPD will ensure that step by step procedures for CFAA Administrative Rate and Salary Survey provide details on where to obtain the data necessary for calculating rates and that procedures follow CFAA instructions. Currently when CFAA rates change, a PDF version is filed for FPD staff to validate invoices. This same PDF is sent to paying agencies."

Auditor's Evaluation of Management Action

We believe that management actions taken or planned were responsive to the audit findings. FPD management planned to complete corrective action by December 31, 2024.