

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM: 2.11
(ID # 19471)

MEETING DATE:
Tuesday, July 12, 2022

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2022-301 Riverside County Fire Department, Follow-Up Audit

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2022-301: Riverside County Fire Department, Follow-up Audit

ACTION:Consent



Tanya Harris, Assistant Auditor Controller 6/23/2022

MINUTES OF THE BOARD OF SUPERVISORS

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

| FINANCIAL DATA | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost |
|-----------------------------|-----------------------------|--------------------------|---------------------------|---------------------|
| COST | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| NET COUNTY COST | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| SOURCE OF FUNDS: N/A | | | Budget Adjustment: | N/A |
| | | | For Fiscal Year: | N/A |

C.E.O. RECOMMENDATION: Approve.

BACKGROUND:

Summary

We completed a follow-up audit of Fire Department. Our audit was limited to reviewing actions taken as of January 10, 2022, to correct findings noted in our original audit report 2018-003 dated April 9, 2019. The original audit report contained six recommendations, all of which required implementation to help correct the reported findings.

Please see report for audit results.

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: Riverside County Auditor-Controller - Internal Audit Report 2022-301: Riverside County Fire Department, Follow-up Audit.

Internal Audit Report 2022-301

**Riverside County
Fire Department, Follow-Up Audit**

Report Date: July 12, 2022



**Office of Paul Angulo, CPA, MA
Riverside County Auditor-Controller
4080 Lemon Street, 11th Floor
Riverside, CA 92509
(951) 955-3800**

www.auditorcontroller.org



COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802



Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Tanya S. Harris, DPA, CPA
Assistant Auditor-Controller

July 12, 2022

Bill Weiser
Fire Chief
Riverside County Fire Department
210 W. San Jacinto Avenue
Perris, CA 92570

Subject: Internal Audit Report 2022-301: Riverside County Fire Department, Follow-Up Audit

Dear Chief Weiser:

We completed the follow-up audit of Riverside County Fire Department. Our audit was limited to reviewing actions taken as of January 10, 2022, to help correct the findings noted in our original audit report 2018-003 dated April 9, 2019.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance that our objective, as described in the preceding paragraph, is achieved. Additionally, the standards require that we conduct the audit to provide sufficient, reliable, and relevant evidence to achieve the audit objectives. We believe the audit provides a reasonable basis for our conclusion.

The original audit report contained six recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that of the six recommendations:

- Two of the recommendations were implemented.
- Two of the recommendations were partially implemented.
- Two of the recommendations were not implemented.

Internal Audit Report 2022-301: Riverside County Fire Department, Follow-up Audit

Summary of the conditions from the original audit and the results of our review on the status of the implementation of the recommendations are provided in this report. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2018-003 at www.auditorcontroller.org/Divisions/AuditsandSpecialized_Accounting/InternalAuditReports.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Chief Internal Auditor

cc: Board of Supervisors
Jeff A. Van Wagenen, County Executive Officer
Dave Rogers, Chief Administrative Officer
Grand Jury

Table of Contents

| | Page |
|------------------------------------|------|
| Results: | |
| Fuel Inventory | 4 |
| Salary Invoice Review | 5 |
| Vehicle Parts and Maintenance..... | 6 |

Attachments:

A. Internal Audit Report 2018-003

B. Status of Findings as Reported by Riverside County Fire Department on January 10, 2022.

Internal Audit Report 2022-301: Riverside County Fire Department, Follow-up Audit

Fuel Inventory

Finding 1: Monitoring of Fuel Usage

In our review of the fuel pump logs and reconciliations, two stations out of the 62 operated by Fire Department, had significant shortages recorded by employees. We reviewed four months with the highest discrepancy showing a shortage of 265.3 gallons for one station, compared to actual inventory of 868.4 gallons recorded in the Fire Department financial system. Standard Practice Manual 1001, *Internal Controls*, states, "County departments and agencies shall establish, document and maintain an effective system of internal controls to safeguard and track assets." Fuel users did not complete the required logs to accurately track fuel used.

The lack of adequate internal controls over the fire stations pumps increases the risk of:

- Fuel theft
- Inaccurate fuel logs
- Reconciliation inconsistencies
- Inaccurate logging of user logs, vehicles ID, and employees ID
- Inaccurate fuel inventory
- Unrecovered reimbursements or unauthorized use

Recommendation 1

Add interface connections to dispensers to facilitate automatic verification of users, recording, and monitoring of fuel usage. In the 2010 audit, the same issue was reported, but the department has not made corrections as of the date of this report.

Current Status 1: Not Implemented

Fire Department is in the process of converting fuel pumps at county sites. A purchase order has been completed to upgrade two county sites for fiscal year 2021-2022. Fire Department stated full conversion may be completed by 2030 based on available funding and coordination with city partners.

Internal Audit Report 2022-301: Riverside County Fire Department, Follow-up Audit

Salaries Invoice Review

Finding 2: Salary Invoices Review

A walkthrough performed over the reimbursement procedures process, revealed the Fire Department does not review prior to approval, the State invoices submitted for payment of state employee salaries. The Fire Department relies on state management to review cost for salaries and benefits for state employees billed to the county. Standard Practice Manual 1001, *Internal Controls*, states, "County departments and agencies shall establish, document and maintain an effective system of internal controls," including, "Review and Reconciliation: Records are routinely examined and reconciled to determine that transactions were properly processed." Without adequate review of State invoices by the Fire Department, Riverside County increases the risk of paying invoices that may have overcharged or unauthorized charges by the State.

Recommendation 2.1

Fire Department conduct reviews of all costs by an authorized county employee with approval authority.

Current Status 2.1: Partially Implemented

Four (100%) out of a sample of four state invoices were reviewed prior to approval. However, all costs within the itemized state invoices were not reviewed due to the large number of employees in each invoice. The state invoices are compared to a state employee roster and the review is performed using physical documentation. In order to ensure state invoices are reviewed, we recommend Fire Department consider obtaining the state invoices and state employee roster in an electronic format such as Excel to aid in reviewing all costs in an efficient manner.

Recommendation 2.2

Develop procedures to review invoices submitted by State for its employee's salaries.

Current Status 2.2: Implemented

Internal Audit Report 2022-301: Riverside County Fire Department, Follow-up Audit

Vehicle Parts and Maintenance

Finding 3: Internal Controls Over Vehicle Parts

Fire Department vehicle parts are not tracked, tagged, or inventoried. Standard Practice Manual 1001, *Internal Controls*, "County departments and agencies shall establish, document and maintain an effective system of internal controls." The Fire Department does not have a procedure in place to ensure all vehicle parts are tracked, tagged, and inventoried. Lack of oversight can lead to loss, theft, misappropriation, or unauthorized use of county assets.

Recommendation 3.1

Fire Department ensure vehicles parts are properly tracked, tagged, and catalogued when received. Parts should also be inventoried monthly.

Current Status 3.1: Partially Implemented

Fire Department implemented a new Fleet Software program to assist in managing fleet inventory. Full completion of the new Fleet Software program is anticipated by August 2022.

Recommendation 3.2

Develop vehicle parts inventory procedures. These procedures should be signed off by department head.

Current Status 3.2: Not Implemented

Fire Department has not established policies and procedures over vehicle parts inventory as new Fleet Software program was implemented with anticipated full completion by August 2022. Fire Department stated procedures will be established as part of the new Fleet Software program.

Finding 4: Maintenance Reimbursements

The Fire Department does not seek reimbursements for work performed on state-owned vehicles. The agreement with the State indicates the county will be reimbursed for the cost of using county personnel and equipment, including any cost associated with parts used during state vehicle maintenance. The Fire Department does not have an approved

Internal Audit Report 2022-301: Riverside County Fire Department, Follow-up Audit

policy, procedure, or agreement to track work performed and parts used on state-owned vehicles. This weakens its ability for the Fire Department to accurately invoice State for work performed on state-owned vehicles. County will lose funds for not seeking reimbursement for work performed and parts used on state-owned vehicles.

Recommendation 4

Develop procedures to maintain compliance with the established agreement with the State.

Current Status 4: Implemented

Attachment A

Internal Audit Report 2018-003

**Riverside County Fire Department
Audit**

Report Date: April 9, 2019



**Office of Paul Angulo, CPA, MA
Riverside County Auditor-Controller
4080 Lemon Street, 11th Floor
Riverside, CA 92509
(951) 955-3800**

www.auditorcontroller.org



**COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER**

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802

AO | **AUDITOR
CONTROLLER**
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Oscar Valdez
Assistant Auditor-Controller

April 9, 2019

Chief Shawn C. Newman
Riverside County Fire Department
210 W. San Jacinto Ave
Perris, CA 92570

Subject: Internal Audit Report 2018-003: Riverside County Fire Department Audit

Dear Chief Newman:

In accordance with Board of Supervisors Resolution 83-338, we completed an audit of the Riverside County Fire Department to provide management and the Board of Supervisors with an independent assessment of internal controls over fuel inventory, salaries invoice review, vehicle parts and maintenance.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to fuel inventory, salaries invoice review, vehicle parts and maintenance.

As requested, in accordance with paragraph III.C of the Board of Supervisors Resolution 83-338, management responded to each reported condition and recommendation contained in our report.



Internal Audit Report 2018-003: Riverside County Fire Department Audit

Management's responses are included in the report. We will follow-up to verify that management implemented the corrective actions.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller

By: René Casillas, CPA, CRMA
Chief Internal Auditor

cc: Board of Supervisors
George Johnson, County Executive Officer
Grand Jury

Table of Contents

| | Page |
|-------------------------------------|------|
| Executive Summary | 4 |
| Results: | |
| Fuel Inventory | 6 |
| Salaries Invoice Review | 8 |
| Vehicle Parts and Maintenance | 10 |

Executive Summary

Overview

The Riverside County Fire Department (Fire Department) is an integrated, regional fire protection system that provides fire emergency medical services, technical rescue, and hazardous material response to approximately 1.6 million residents in unincorporated areas, 20 cities and one community service district within County of Riverside.

The Fire Department contracts for emergency response from the California Department of Forestry and Fire Protection (State) to serve as the Fire Department. All emergency response services are provided from 95 fire stations utilizing about 1,050 State firefighters, 276 administrative and support personnel, and an average of 150 reserve volunteer firefighters. *County of Riverside, Fiscal Year 2018-19 Recommended Budget, June 2018, 121.*

Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment about the adequacy and effectiveness of internal controls over fuel usage, salaries invoice review, vehicle parts and maintenance.

Audit Scope and Methodology

Following a risk based approach, our scope initially included the following:

- Cost Recovery
- Fuel inventory Controls
- Operation Requirements
- Purchasing Practices
- Salaries Invoice Review
- Vehicle Parts and Maintenance Reimbursements
- Vehicle Readiness

Through inquiry, observations, and examination of relevant documentation, we focused our scope to internal controls over fuel inventory, salaries invoice review, vehicle parts and maintenance.

Audit Highlights

Existing Conditions

The current processes have not mitigated the following areas:

- Review of two fueling locations revealed large discrepancies between the manual logs and actual inventory during one of the months tested

Internal Audit Report 2018-003: Riverside County Fire Department Audit

- The Fire Department does not have a procedure in place to review invoices from the State employee salary reimbursements. These invoices are paid without review by county department staff
- Vehicles parts are not inventoried, tagged, or tracked. The Fire Department stores all county vehicle parts in a shared storage container with the State without proper internal controls to safeguard the inventory
- The Fire Department does not seek reimbursement for maintenance work or county vehicles parts used on state owned vehicles. This is a missed opportunity for the county to recover the cost since county employees work on state-owned vehicles

Improvement Opportunities

The improvement opportunities are in the following areas:

- Add interface connections to dispensers to facilitate automatic verification of users, recording, and monitoring of fuel usage. This recommendation was issued during the 2010 audit report, the Fire Department has not implemented as of report date
- Implement procedures for the review and approval of state invoices for employee salaries
- Conduct periodic inventory and tag all stored vehicle parts. Parts used during maintenance should also be tracked on maintenance orders. This recommendation was issued during the 2010 and 2014 audit report follow up, the Fire Department has not implemented as of report date
- Implement procedures to keep track of maintenance completed and parts used on state owned vehicles. Also, ensure billing the State for work performed on state-owned vehicles occurs

Audit Conclusion

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to fuel inventory, salaries invoice review, vehicle parts and maintenance.

Fuel Inventory

Background

The Fire Department maintains 95 fire stations and the Ben Clark Safety Training Center (Ben Clark Center) stocked with diesel and unleaded fuel. This number includes County, City Partners, and State stations. The Fire Department pays for fuel delivered to 62 of these stations including the Ben Clark Center. The fuel is primarily used to refuel fire engines and heavy duty trucks. The Fire Department does not purchased fuel or maintain any fueling locations at State Fire stations.

The Fire Department fueling stations are not linked to an automated fuel management system like those used by other county departments. The system used by these county departments, automatically track fuel usage which provide accurate fuel usage information. The Fire Department employees manually record fuel used on log sheets placed near the pumps. The data collected is then given to the Fire Department finance division to process and maintain the fuel inventory totals.

Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over fuel inventory.

Audit Methodology

To accomplish our objectives, we:

- Identified and reviewed applicable policies and contracts
- Conducted interviews and performed walk-throughs with maintenance and office personnel
- Reviewed fuel usage documentation and reconciliations for two fire stations
- Reviewed prior years audit reports findings and recommendations

Finding 1: Monitoring of Fuel Usage

In our review of the fuel pump logs and reconciliations, two stations out of the 62 operated by Fire Department, had significant shortages recorded by employees. We reviewed four months with the highest discrepancy showing a shortage of 265.3 gallons for one station, compared to actual inventory of 868.4 gallons recorded in the Fire Department financial system. Standard Practice Manual 1001, *Internal Controls*, states, "County departments and agencies shall establish, document and maintain an effective system of internal controls to safeguard and track assets." Fuel users did not complete the required logs to accurately track fuel used.

The lack of adequate internal controls over the fire stations pumps increases the risk of:

- Fuel theft
- Inaccurate fuel logs
- Reconciliation inconsistencies
- Inaccurate logging of user logs, vehicles ID, and employees ID
- Inaccurate fuel inventory
- Unrecovered reimbursements or unauthorized use

Recommendation 1

Add interface connections to dispensers to facilitate automatic verification of users, recording, and monitoring of fuel usage. In the 2010 audit, the same issue was reported, but the department has not made corrections as of the date of this report.

Management Response

“Concur. We are evaluating all our fuel sites and will determine the cost of upgrading each site to a computerized system. We have approximately sixty-two (62) fueling stations and it may take several years to accomplish the upgrade due to budget constraints. In addition, we are working closely with County Fleet Services on the bid of a fleet services system, which would include a fueling component. Once the bid is completed, we will evaluate the ability to fund the system. Based on the current system, the estimated onetime cost is \$594,520 and a reoccurring maintenance cost of \$303,508. The total implementation estimate for this interface upgrade is estimated to be \$898,028.”

Actual/Estimated Date of Corrective Action: June 30, 2024

“Based on our ability to fund, our goal is to implement an integrated Software system by December 2019. The upgrade of all fuel sites will be a longer process and the estimated completion date is June 2024 for full conversion of all fueling locations.”

Estimated cost to implement recommendation: \$898,028

Salaries Invoice Review

Background

The Fire Department accounts payable section reviews and processes all departmental financial transactions. Its purchasing section follows the County of Riverside Ordinance 459. Under the agreement with the State, the Fire Department will reimburse the State for actual services rendered. Invoices include actual cost for salaries and benefits for state personnel employed, charges for operating expenses and equipment, and administrative charges in accordance with the contract. These reimbursements are done on a monthly basis.

Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over the accounts payable process to review State invoices for accuracy.

Audit Methodology

To accomplish our objectives, we:

- Identified and reviewed applicable policies and ordinances
- Conducted interviews and performed walk-throughs with office personnel
- Reviewed a sample of salaries expenditures and traced to supporting documentation
- Reviewed a sample of cost reimbursement from State
- Reviewed and documented six months of employees' salaries

Finding 2: Salary Invoices Review

A walkthrough performed over the reimbursement procedures process, revealed the Fire Department does not review prior to approval, the State invoices submitted for payment of state employee salaries. The Fire Department relies on state management to review cost for salaries and benefits for state employees billed to the county. Standard Practice Manual 1001, *Internal Controls*, states, "County departments and agencies shall establish, document and maintain an effective system of internal controls," including, "Review and Reconciliation: Records are routinely examined and reconciled to determine that transactions were properly processed." Without adequate review of State invoices by the Fire Department, Riverside County increases the risk of paying invoices that may have overcharged or unauthorized charges by the State.

Recommendation 2.1

Fire Department conduct reviews of all costs by an authorized county employee with approval authority.

Management Response

"Concur. A County employee currently reviews all the operating costs outlined in our Cal Fire Services invoice. This review will be expanded to include the salaries detailed on the invoice utilizing an accounting method of sampling. We will document these reviews and include an approval process after the review completion."

Actual/Estimated Date of Corrective Action: March 31, 2019

"We will begin this process with the FY 18/19 2nd Quarter invoice, which should be received in January/February 2019."

Estimated cost to implement recommendation: 0.00

Recommendation 2.2

Develop procedures to review invoices submitted by State for its employee's salaries.

Management Response

"Concur. We will develop procedures. A County employee currently reviews all the operating costs outlined in our Cal Fire Fire Services invoice. This review will be expanded to include the salaries detailed on the invoice utilizing an accounting method of sampling. We will document these reviews and include an approval process after the review completion."

Actual/Estimated Date of Corrective Action: March 31, 2019

"The procedures will be completed by March. We will begin this review process with the FY 18/19 2nd Quarter invoice, which should be received in January / February 2019."

Estimated cost to implement recommendation: 0.00

Vehicle Parts and Maintenance

Background

The Fire Department operates two automobile repair shops (repair shops), located in Indio and Perris. These repair shops are managed by county and state employees. Both locations maintain inventories of spare parts, tools, and supplies. The repair shops maintain other fire equipment, such as hose adapters, nozzles, and fire extinguishers. During high fire season, and in mutual collaboration, county mechanics work on state owned vehicles and state employees work on county owned vehicles to expedite repairs. However, this collaboration is not indicated on the agreement between the Fire Department and the State.

Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over vehicle parts and maintenance reimbursements.

Audit Methodology

To accomplish our objectives, we:

- Identified and reviewed applicable policies and contracts
- Conducted interviews and performed walk-throughs with maintenance and administrative personnel
- Reviewed prior years audit reports and work papers

Finding 3: Internal Controls Over Vehicle Parts

Fire Department vehicle parts are not tracked, tagged, or inventoried. Standard Practice Manual 1001, Internal Controls, "County departments and agencies shall establish, document and maintain an effective system of internal controls." The Fire Department does not have a procedure in place to ensure all vehicle parts are tracked, tagged, and inventoried. Lack of oversight can lead to loss, theft, misappropriation, or unauthorized use of county assets.

Recommendation 3.1

Fire Department ensure vehicles parts are properly tracked, tagged, and catalogued when received. Parts should also be inventoried monthly.

Management Response

"Concur. We have hired a storekeeper and are in the process of establishing a location for the vehicle parts. Once the location is established, procedures will be developed and inventory will be regularly monitored."

Actual/Estimated Date of Corrective Action: December 31, 2019

"The completion date of a location is based on our budget and the purchasing bidding process of the location. We are looking at several options that satisfy our needs while keeping costs to a minimum."

Estimated cost to implement recommendation: 35,000

Recommendation 3.2

Develop vehicle parts inventory procedures. These procedures should be signed off by department head.

Management Response

"Concur. Procedures will be developed with the establishment of our inventory parts location."

Actual/Estimated Date of Corrective Action: December 31, 2019

"We estimate having the full procedures completed soon after the completion of our parts location."

Estimated cost to implement recommendation: 0.00

Finding 4: Maintenance Reimbursements

The Fire Department does not seek reimbursements for work performed on state-owned vehicles. The agreement with the State indicates the county will be reimbursed for the cost of using county personnel and equipment, including any cost associated with parts used during state vehicle maintenance. The Fire Department does not have an approved policy, procedure, or agreement to track work performed and parts used on state-owned vehicles. This weakens its ability for the Fire Department to accurately invoice State for work performed on state-owned vehicles. County will lose funds for not seeking reimbursement for work performed and parts used on state-owned vehicles.

Recommendation 4

Develop procedures to maintain compliance with the established agreement with the State.

Management Response

"Concur. Our Cooperative Agreement with Cal Fire does not specifically identify the integrated cooperation that occurs within our Fleet Bureau. We will work to better identify and define this cooperation in our Cooperative Agreement and develop any necessary procedures."

Actual/Estimated Date of Corrective Action: July 1, 2020

"Our Cooperative Agreement with CalFire expires on June 30, 2020. The next opportunity to update contract language will be in a new agreement beginning July 1, 2020."

Estimated cost to implement recommendation: 0.00



CAL FIRE - RIVERSIDE UNIT RIVERSIDE COUNTY FIRE DEPARTMENT

BILL WEISER - FIRE CHIEF

210 WEST SAN JACINTO AVENUE, PERRIS, CA 92570-1915
BUS: (951) 940-6900 FAX: (951) 940-6373 WWW.RVCFIRE.ORG

PROUDLY SERVING THE UNINCORPORATED AREAS OF RIVERSIDE COUNTY AND THE CITIES OF:

- BANNING
- BEAUMONT
- CANYON LAKE
- COACHELLA
- DESERT HOT SPRINGS
- EASTVALE
- INDIAN WELLS
- INDIO
- JURUPA VALLEY
- LAKE ELSINORE
- LA QUINTA
- MENIFEE
- MORENO VALLEY
- NORCO
- PALM DESERT
- PERRIS
- RANCHO MIRAGE
- RUBIDOUX CSD
- SAN JACINTO
- TEMECULA
- WILDOMAR

BOARD OF SUPERVISORS:

- KEVIN JEFFRIES
DISTRICT 1
- KAREN SPIEGEL
DISTRICT 2
- CHARLES WASHINGTON
DISTRICT 3
- V. MANUEL PEREZ
DISTRICT 4
- JEFF HEWITT
DISTRICT 5

To: René Casillas, Chief Internal Auditor

From: Bill Weiser, Fire Chief

Re: Internal Audit Report 2022-301: Riverside County Fire Department, Follow-up Audit 2018-003

The following are the current status of the reported findings and planned corrective actions contained in Internal Audit Report 2018-003: Riverside County Fire Department Audit.

Bill Weiser

01-10-22

Authorized Signature

Date

Finding 1: Monitoring of Fuel Usage

In our review of the fuel pump logs and reconciliations, two stations out of the 62 operated by Fire Department, had significant shortages recorded by employees. We reviewed four months with the highest discrepancy showing a shortage of 265.3 gallons for one station, compared to actual inventory of 868.4 gallons recorded in the Fire Department financial system. Standard Practice Manual 1001, *Internal Controls*, states, "County departments and agencies shall establish, document and maintain an effective system of internal controls to safeguard and track assets." Fuel users did not complete the required logs to accurately track fuel used.

The lack of adequate internal controls over the fire stations pumps increases the risk of:

- Fuel theft
- Inaccurate fuel logs
- Reconciliation inconsistencies
- Inaccurate logging of user logs, vehicles ID, and employees ID
- Inaccurate fuel inventory
- Unrecovered reimbursements or unauthorized use

Current Status

Reported Finding Corrected? Yes No

Still working on the conversion of all fuel pumps. County Purchasing recently completed a purchasing contract to assist in facilitating this conversion.

Recommendation 1

Add interface connections to dispensers to facilitate automatic verification of users, recording, and monitoring of fuel usage. In the 2010 audit, the same issue was reported, but the department has not made corrections as of the date of this report.

Management Reply

"Concur. We are evaluating all our fuel sites and will determine the cost of upgrading each site to a computerized system. We have approximately sixty-two (62) fueling stations and it may take several years to accomplish the upgrade due to budget constraints. In addition, we are working closely with County Fleet Services on the bid of a fleet services system, which would include a fueling component. Once the bid is completed, we will evaluate the ability to fund the system. Based on the current system, the estimated onetime cost is \$594,520 and a reoccurring maintenance cost of \$303,508. The total implementation estimate for this interface upgrade is estimated to be \$898,028."

Actual/Estimated Date of Corrective Action: June 30, 2024

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

A Purchase Order has been completed to upgrade two (2) County sites this fiscal year. Additional sites will be completed in future fiscal years and for any new fire station builds. The entire Department may be completed by 2030 base upon funding and coordination with city partners.

Finding 2: Salary Invoices Review

A walkthrough performed over the reimbursement procedures process, revealed the Fire Department does not review prior to approval, the State invoices submitted for payment of state employee salaries. The Fire Department relies on state management to review cost for salaries and benefits for state employees billed to the county. Standard Practice Manual 1001, *Internal Controls*, states, "County departments and agencies shall establish, document and maintain an effective system of internal controls," including, "Review and Reconciliation: Records are routinely examined and reconciled to determine that transactions were properly processed." Without adequate review of State invoices by the Fire Department, Riverside County increases the risk of paying invoices that may have overcharged or unauthorized charges by the State.

Current Status

Reported Finding Corrected? Yes No

Invoices are reviewed and the invoices is approved by the Deputy Directory for payment after review is completed.

Recommendation 2.1

Fire Department conduct reviews of all costs by an authorized county employee with approval authority.

Management Reply

"Concur. A County employee currently reviews all the operating costs outlined in our Cal Fire Services invoice. This review will be expanded to include the salaries detailed on the invoice utilizing an accounting method of sampling. We will document these reviews and include an approval process after the review completion."

Actual/Estimated Date of Corrective Action: March 31, 2019

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

Invoices are reviewed and the invoices is approved by the Deputy Directory for payment after review is completed.

Recommendation 2.2

Develop procedures to review invoices submitted by State for its employee's salaries.

Management Reply

"Concur. We will develop procedures. A County employee currently reviews all the operating costs outlined in our Cal Fire Fire Services invoice. This review will be expanded to include the salaries detailed on the invoice utilizing an accounting method of sampling. We will document these reviews and include an approval process after the review completion."

Actual/Estimated Date of Corrective Action: March 31, 2019

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

Procedures in draft only. Will be completed in the next 30 days.

Finding 3: Internal Controls Over Vehicle Parts

Fire Department vehicle parts are not tracked, tagged, or inventoried. Standard Practice Manual 1001, Internal Controls, "County departments and agencies shall establish, document and maintain an effective system of internal controls." The Fire Department does not have a procedure in place to ensure all vehicle parts are tracked, tagged, and inventoried. Lack of oversight can lead to loss, theft, misappropriation, or unauthorized use of county assets.

Current Status

Reported Finding Corrected?

Yes

No

As reviewed in Audit Report 2021-011, we have implemented a new Fleet Software program. It went live in November 2021. The new system will assist in managing the Fleet inventory.

Recommendation 3.1

Fire Department ensure vehicles parts are properly tracked, tagged, and catalogued when received. Parts should also be inventoried monthly.

Management Reply

"Concur. We have hired a storekeeper and are in the process of establishing a location for the vehicle parts. Once the location is established, procedures will be developed and inventory will be regularly monitored."

Actual/Estimated Date of Corrective Action: December 31, 2019

Current Status

Corrective Action:

Fully Implemented

Partially Implemented

Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

A parts facility has been established with an assigned Storekeeper. The new Fleet system will provide the proper tracking. As outlined in audit report 2021-011, we anticipate full completion by August 2022.

Recommendation 3.2

Develop vehicle parts inventory procedures. These procedures should be signed off by department head.

Management Reply

"Concur. Procedures will be developed with the establishment of our inventory parts location."

Actual/Estimated Date of Corrective Action: December 31, 2019

Current Status

Corrective Action:

Fully Implemented

Partially Implemented

Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

As part of the new Fleet system, procedures will be established. We anticipate full completion by August 2021.

Finding 4: Maintenance Reimbursements

The Fire Department does not seek reimbursements for work performed on state-owned vehicles. The agreement with the State indicates the county will be reimbursed for the cost of using county personnel and equipment, including any cost associated with parts used during state vehicle maintenance. The Fire Department does not have an approved policy, procedure, or agreement to track work performed and parts used on state-owned vehicles. This weakens its ability for the Fire Department to accurately invoice State for work performed on state-owned vehicles. County will lose funds for not seeking reimbursement for work performed and parts used on state-owned vehicles.

Current Status

Reported Finding Corrected? Yes No

The State has hired additional Fleet personnel to maintain the State Fleet.

Recommendation 4

Develop procedures to maintain compliance with the established agreement with the State.

Management Reply

"Concur. Our Cooperative Agreement with Cal Fire does not specifically identify the integrated cooperation that occurs within our Fleet Bureau. We will work to better identify and define this cooperation in our Cooperative Agreement and develop any necessary procedures."

Actual/Estimated Date of Corrective Action: July 1, 2020

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

With the additional State Fleet personnel assigned, the State Fleet is maintained by the State.