



WASHOE COUNTY

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STAFF REPORT BOARD MEETING DATE: March 22, 2011

DATE: March 17, 2011
TO: Sierra Fire Protection District Board of Fire Commissioners
FROM: Alison A Gordon CPA, CFE
Washoe County Internal Auditor
328-3651, agordon@washoecounty.us
SUBJECT: Acknowledge Receipt of the Sierra Fire Protection District Audit Report from the Washoe County Internal Audit Division (All Commission Districts)

SUMMARY

The Washoe County Internal Audit Division performed an audit of the Sierra Fire Protection District at the request of the Board of Fire Commissioners during the December 14th meeting. This audit assessed current practices and looked for opportunities to improve the efficiency and effectiveness in administering the District's fire protection programs.

PREVIOUS ACTION

The Sierra Fire Protection District audit status report was acknowledged by the Board of Fire Commissioners on February 8, 2011.

Sierra Fire Protection District (District) has some best practices in place. Generally, we found the District staff work diligently to fulfill their mission of protecting life, property and the environment by safely providing the highest level of medical, fire and emergency services. The District also engages the community in nationally recognized community evacuation drills, citizen CPR training, school programs, and a unique holiday sleigh that delivers safety messages and delivers presents to area children.

The results of our review indicated internal and management controls can be strengthened and program operations can be improved. The following was noted:

- Controls can be improved in pay rate, and human resource practices. Specifically, the District does not always adhere to approved salary schedules. Instances were noted where seasonal staff received pay increases that were not part of any approved salary schedule, and other seasonal staff received more than a one step increase during a 12 month period. No documentation was found to support that

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these pay increases were the result of an evaluation. Further, the District hired seasonal staff without following the County merit processes for hiring.

- Payroll processing controls can be enhanced by ensuring adequate segregation of duties exists for timekeeping and payroll processing. One option would involve contracting with a firm to process the payroll. This would help achieve adequate segregation of duties, save District and County staff time, and potentially generate a payroll system cost savings of about \$2,200 annually.
- Federal grant reporting requirements should be followed. It was noted the reimbursement requests for one of the District's grants included inappropriate rates for personnel and equipment costs. Moreover, the amount reported for the grant match was incorrect and no documentation supporting the match was provided.
- The career and volunteer medical exam program can be improved. First, the District needs to ensure it fully complies with state statutes by holding required consultations with staff. Second, by streamlining the medical exam process through changing service delivery and providers, it is estimated the District could save about \$52,400 annually.
- Purchasing practices can be enhanced. Instances were noted where the contract physician did not comply with the terms of the agreement by obtaining required liability insurance or providing all agreed upon services. The District also paid this same vendor \$2,000 per month even though several months occurred where no services were provided. In addition, the District allowed another vendor to perform work without ensuring adequate purchasing authority existed.
- District and County procurement card policies and procedures should be adhered to. We found only two purchases out of the 128 transactions reviewed included supervisor review and approval. In addition, purchases were made for unauthorized items such as food and training travel expenses, and one instance was found where the purchase of computers and software was split to circumvent the card limit.
- The District needs to consider using the volunteers in a more active role, such as implementing a volunteer supplemental staffing program. Such a program would provide volunteers the opportunity to fill in as the fourth person at a District fire station. Also, the District should continue its efforts to improve oversight for the volunteer departments. Various instances were noted where active volunteers responding to fires had not fulfilled the periodic medical exam and/or training requirements.
- Pharmaceutical and medical supply practices can be enhanced. The District does not maintain an inventory list of its non-controlled substances and medical supplies. An inventory list should be developed and with a physical inventory being performed at least annually.

An implementation plan establishing responsibilities and timelines will be developed with County management and District staff. This plan will then be reviewed with the Audit Committee and updated at each of their meetings. Implementation of

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recommendations having fiscal impact will be brought to the Board of Fire Commissioners for approval.

County Priority/Goal supported by this item: Government Efficiency and Financial Stability

PREVIOUS ACTION

No previous action has been taken on this Board item.

BACKGROUND

The Sierra Fire Protection District was established as a new chapter 474 county fire district during April 2008. A cooperative agreement between the County and the District was approved that identified the services the County would provide in support of the District's operations. These services included those provided by the County Comptroller's Office, Purchasing Division, District Attorney, Human Resources, Information Technology, Labor Relations, Public Works, and Risk Manager. Additionally, the services provided were to be in accordance with applicable state statutes and county codes. This will be the first internal audit the District has received since becoming a county fire district.

The District provides structural and wild land fire protection, emergency medical services, fire prevention, and hazardous fuel reduction to adequately address the needs of the County residents and businesses falling within its service areas. Currently, the District has fire stations at Bowers Mansion, Galena, and Verdi; and receives additional service area coverage through five volunteer fire departments located in Cold Springs, Galena, Peavine, Verdi, and Washoe Valley. These departments are separate legal entities. The District has a contract in place with each department to respond to emergency calls when dispatched at the request of the District.

The District receives an annual financial statement audit. The most recent financial audit was performed for the period ending June 30, 2010, and was presented during the December 14th 2010, Board of Fire Commissioners meeting. This audit included one finding and recommended the District reinforce the policies and procedures related to review and approval of payroll transactions and require that evidence of such review and approval be maintained.

SCOPE AND METHODOLOGY

The scope of the audit includes assessing internal controls over payroll; analyzing the District's financial status; determining whether the District is in compliance with County and contracted employee pay rates and human resource merit processes, state statutes pertaining to required physical exams, and federal grant guidelines; performing tests to ensure the District's pharmaceutical supplies are adequately safeguarded and that procurement cards are used only for authorized purposes, reviewing the volunteer and fuels management programs; and verifying whether processes are in place and followed.

This audit was conducted in accordance with Generally Accepted Government Auditing Standards and covered the period between July 2009 and February 28, 2011. Fieldwork was conducted between January 2011 and February 2011.

FISCAL IMPACT

This report has no fiscal impact. However, implementation of some recommendations may have fiscal impact.

RECOMMENDATION

It is recommended the Board of Fire Commissioners acknowledge receipt of this audit report of Sierra Fire Protection District.

POSSIBLE MOTION

Should the Board of Fire Commissioners acknowledge receipt of this audit report, a possible motion would be:

Move to acknowledge receipt of the Sierra Fire Protection District Audit Report from the Washoe County Internal Audit Division.

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Attachment

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