



CALIFORNIA STATE AUDITOR

Elaine M. Howle, State Auditor

FACT SHEET

Date: January 31, 2012

Report: 2011-103

The California State Auditor released the following report today:

California's Mutual Aid System

The California Emergency Management Agency Should Administer the Reimbursement Process More Effectively

BACKGROUND

When an emergency or disaster exceeds the resources of the jurisdiction in which the event occurs, the local agency may request assistance. The California Emergency Management Agency (Cal EMA) is the entity responsible for California's emergency and disaster response services, including coordinating the mutual aid systems for fire, rescue, law enforcement, and emergency services. Mutual aid—voluntary aid and assistance provided by one jurisdiction to another—can be obtained once the local governments and state agencies have exhausted their own resources and the resources they obtain from others for their day-to-day operations. While providing mutual aid is generally without reimbursement, some agreements do allow for reimbursement of personnel costs. Cal EMA handles the invoicing process for local agencies requesting reimbursement for resources provided during an emergency response.

KEY FINDINGS

During our review of the California's mutual aid system and the Cal EMA reimbursement process, we noted the following:

- Although Cal EMA generally processes local agencies' reimbursement requests within applicable time frames and local agencies receive their reimbursements in a timely manner, we found that for 15 of 57 invoices we reviewed, paying entities took 314 days on average to reimburse appropriate agencies.
 - It took an average of 305 business days—rather than the 210 days required—after local agencies and a state prison had responded to incidents for these agencies to receive reimbursement for six invoices in which the mutual aid was provided.
 - For nine invoices in which mutual aid was provided, Cal EMA and two local agencies did not receive reimbursements from the Federal Emergency Management Agency (FEMA) until 321 business days, on average, after they responded to incidents.
- Cal EMA provides local agencies with instructions for calculating average actual hourly rates for reimbursement, but does not ensure that the agencies' calculations are correct. In fact, of 718 transactions we reviewed, we calculated potential underbillings of nearly \$67,000 by nine agencies and potential overbillings of nearly \$674,000 by 13 agencies.
- Cal EMA's invoicing system for the reimbursement process does not provide sufficient information on the actual number of hours agencies' personnel work, which is needed to comply with certain federal requirements. Although FEMA is reviewing the issue, our analysis of numerous transactions indicates that one agency may have billed FEMA \$22.8 million more than it should have.
- The majority of the 15 local fire agencies we interviewed stated that they have not evaluated the impact that providing mutual aid has on their budgets and most absorb the costs in their operating budgets.

KEY RECOMMENDATIONS

We make numerous recommendations to Cal EMA such as auditing a sample of invoices each year to ensure that local agencies correctly calculate rates for reimbursement. Further, if FEMA determines claims are erroneous, the appropriate agencies should revise their methods for calculating reimbursement and collaborate with federal agencies to establish an acceptable invoicing system. Cal EMA should then ensure that the replacement for its current invoicing system can correctly calculate reimbursement amounts in compliance with federal requirements.

