

## California's Mutual Aid System

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

January 2012 Report 2011-103



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January 31, 2012

2011-103

The Governor of California  
President pro Tempore of the Senate  
Speaker of the Assembly  
State Capitol  
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As requested by the Joint Legislative Audit Committee, the California State Auditor presents this audit report concerning California's mutual aid system and whether participation in the system by local and regional entities is viable given the economic stresses on locally governed bodies throughout the State.

This report concludes that the California Emergency Management Agency (Cal EMA) generally processes local agencies' requests for reimbursement within 120 business days and the local agencies generally receive their reimbursements in a timely manner. However, Cal EMA can improve its oversight of other aspects of the reimbursement process by ensuring that local agencies calculate correctly the average actual hourly rates used to determine their reimbursements. Our analysis of 718 transactions processed between 2006 and 2010 found that inaccuracies in the average actual hourly rates may have resulted in some agencies overbilling for personnel costs by nearly \$674,000, while other agencies were underbilling by nearly \$67,000.

Cal EMA also may need to improve the system it uses to generate invoices on behalf of local agencies that provide assistance. A March 2011 audit conducted by the U.S. Department of Homeland Security's Office of the Inspector General found that the California Department of Forestry and Fire Protection (CAL FIRE) was not in compliance with the Federal Emergency Management Agency's (FEMA) reimbursement criteria. FEMA is actively reviewing this issue and its review may result in a decision to recover some or all of the \$6.7 million identified in the audit report. If FEMA determines the CAL FIRE calculations and claims identified in the audit were erroneous, Cal EMA will need to modify its invoicing system to comply with FEMA's reimbursement criteria. For example, applying FEMA's reimbursement criteria, we found that CAL FIRE may have billed FEMA \$22.8 million more than it should have.

Finally, the majority of 15 local fire and five local law enforcement agencies we interviewed stated that they had not evaluated how providing mutual aid affects their budgets. Some of the 15 local fire agencies and the majority of the five local law enforcement agencies stated that, although their budgets had been reduced in the last five years, they did not believe that budget restrictions hindered their ability to respond to mutual aid requests. Four of the 15 local fire agencies and one of the five local law enforcement agencies said that they were projecting budget reductions in future years. However, only one local fire agency we spoke with has evaluated the impact that budget restrictions will have on its ability to provide mutual aid.

Respectfully submitted,



ELAINE M. HOWLE, CPA  
State Auditor

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## Summary

### Results in Brief

The California Emergency Management Agency (Cal EMA) needs to improve its administration of the process by which local agencies, such as cities, counties, and other jurisdictions within California are reimbursed for providing emergency assistance to other agencies and regions. California is a complex patchwork of lands under the jurisdiction of local, state, and federal agencies that are responsible for obtaining and supplying aid when emergencies and disasters strike. When an emergency or disaster exceeds the resources of the jurisdiction in which the event occurs, the local agency may request assistance through the State's Standardized Emergency Management System, which Cal EMA manages. Doing so makes the agency eligible for funding under disaster assistance programs for personnel costs related to the emergency response. Emergency response agencies provide much of the assistance, through either mutual aid or assistance by hire.<sup>1</sup> When applicable, Cal EMA also handles the process by which the agency receiving assistance reimburses the agency providing the assistance.

Generally, Cal EMA processes local agencies' requests for reimbursement within the time frames required by the California Fire Assistance Agreement (CFAA)—a memorandum of understanding between California and federal agencies for the provision of aid during severe wildfire conditions and other emergencies—and local agencies receive their reimbursements in a timely manner. Nonetheless, Cal EMA could improve its oversight of other aspects of the reimbursement process. Although the CFAA outlines procedures for obtaining fire suppression resources and sets reimbursement rates for fire personnel, many agencies may have submitted inaccurate average actual hourly rates used to determine their reimbursements. Our analysis of 718 transactions found that these inaccuracies may have resulted in some agencies overbilling for personnel costs by nearly \$674,000, while other agencies were underbilling by nearly \$67,000. Cal EMA stated that, although it has contractual authority under the CFAA to conduct an audit, it does not have express authority under state law to do so. Cal EMA also stated that even if state law were amended to provide it with express audit authority, it does not have adequate resources to conduct the audits.

### Audit Highlights . . .

*Our review of California's mutual aid system and the California Emergency Management Agency's (Cal EMA) reimbursement process highlighted the following:*

- » *Generally, Cal EMA processes local agencies' requests for reimbursement within the required time frames and local agencies receive their reimbursements in a timely manner.*
- » *Many agencies did not calculate correctly the average actual hourly rates used to determine their reimbursements.*
  - *Some agencies may have overbilled for their personnel costs by nearly \$674,000, while others may have underbilled by nearly \$67,000.*
  - *Cal EMA does not have express authority under state law, nor does it believe it has adequate resources, to conduct audits of the local agencies.*
- » *Cal EMA's invoicing system does not provide sufficient information for entities to calculate reimbursement amounts in accordance with certain Federal Emergency Management Agency requirements—causing potential overbillings of \$22.8 million.*
- » *Most local fire and local law enforcement agencies we interviewed stated that they had not evaluated how providing mutual aid affects their budgets and that they absorb the costs of responding to mutual aid requests in their operating budgets.*

<sup>1</sup> Title 19 of state regulations defines *mutual aid* as "voluntary aid and assistance by the provision of services and facilities, including but not limited to fire, police, medical and health, communication, transportation, and utilities."

Further, Cal EMA may need to improve the system it uses to generate invoices on behalf of local agencies that provide assistance. Specifically, its invoicing system does not provide sufficient information for entities to calculate reimbursement amounts in accordance with certain Federal Emergency Management Agency (FEMA) requirements. Cal EMA stated that it is currently in the process of seeking a replacement for its invoicing system but has experienced delays due to staff turnover. A March 2011 audit conducted by the U.S. Department of Homeland Security's Office of Inspector General found that the California Department of Forestry and Fire Protection (CAL FIRE) was not in compliance with FEMA's reimbursement criteria. FEMA is actively reviewing this issue, and its review may result in a decision to recover some or all of the \$6.7 million in reimbursements identified in the audit report. If FEMA determines that the CAL FIRE calculations and claims identified in the audit were erroneous, Cal EMA will need to modify its invoicing system to comply with FEMA's reimbursement criteria. For example, applying FEMA's requirements, we found that CAL FIRE 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 had not evaluated how providing mutual aid affects their budgets. Most of these local fire agencies also stated that they absorb the costs of responding to mutual aid requests in their operating budgets. Similarly, the five local law enforcement agencies we interviewed stated that they have not evaluated how their provision of mutual aid affects their budgets. Our review of agreements that some local fire agencies have with other jurisdictions to provide mutual aid as part of their day-to-day operations showed that the agreements often do not require reimbursement.

Some of the 15 local fire agencies and the majority of the five local law enforcement agencies we interviewed stated that, although their budgets have been reduced in the last five years, they do not believe that budget restrictions hinder their ability to respond to mutual aid requests. Generally, the local fire agencies did not begin to experience budget reductions until fiscal year 2009–10. On average, the reductions were 1.5 percent of their total budgets. Four of the 15 local fire agencies and one of the five local law enforcement agencies said that they were projecting budget reductions for future years. However, only one local fire agency we spoke with has evaluated the impact that budget reductions will have on its ability to provide mutual aid. Specifically, the Riverside County Fire Department stated that its fiscal year 2011–12 budget will have a \$9 million shortfall, which will affect its ability to provide mutual aid because there will be five fewer engines in its system.

## Recommendations

To make certain that local agencies correctly calculate their average actual hourly rates, Cal EMA should audit a sample of invoices each year and include in the review an analysis of the accuracy of the local agencies' average actual hourly rates. If Cal EMA does not believe that it has the statutory authority and resources to audit the average actual hourly rates reported by the local agencies, it should either undertake the necessary steps to obtain that authority and resources or obtain statutory authority to contract with the State Controller's Office to perform audits.

If FEMA determines that the calculations and claims identified in the Office of Inspector General's audit report were erroneous, Cal EMA should ensure that the replacement for its current invoicing system can calculate reimbursement amounts in accordance with FEMA's requirements.

If FEMA determines that the calculations and claims identified in the Office of Inspector General's audit report were erroneous, CAL FIRE should take these steps:

- Revise its method of claiming reimbursement for personnel hours to comply with FEMA's policy.
- Collaborate with Cal EMA to establish a system that can calculate reimbursement amounts in accordance with FEMA's requirements.

## Agency Comments

Cal EMA generally agreed with our findings and recommendations. Cal EMA stated it will continue to strive for improvements and excellence toward administering reimbursements for California's mutual aid system.

CAL FIRE disagreed with our conclusion that it may have billed FEMA \$22.8 million more than it should have. Specifically, CAL FIRE believes it is premature to characterize any of its related billings as "incorrect" or "erroneous" until FEMA issues its final decision. However, CAL FIRE agreed with our recommendations that are contingent upon FEMA's final determination.

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# Introduction

## Background

In 1970 the California State Legislature passed the California Emergency Services Act (Act), partly to mitigate the effects of natural, manmade, or war-caused emergencies that result in conditions of disaster or extreme peril to life, property, and the State's resources. Emergencies can arise from conditions such as air pollution, drought, earthquake, epidemic, fire, flood, storm, riot, or sudden and severe energy shortage. Because of their magnitude, such emergencies can require the combined forces of more than one county, city, or city and county. The purpose of the Act is to ensure that the State and its political subdivisions, such as cities, counties, districts, and local governmental agencies, as well as the federal government, other states, and private agencies, coordinate their emergency services functions to deal with any emergency that may occur.

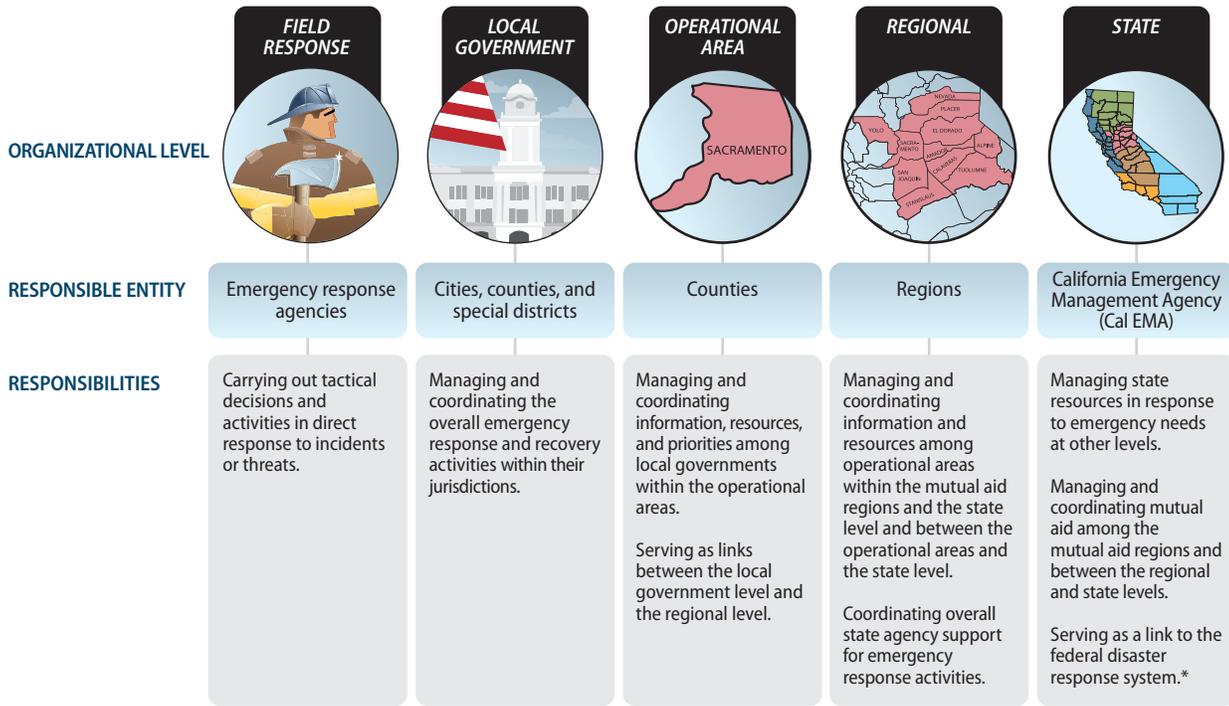
In 2008 the Act was amended to establish the California Emergency Management Agency (Cal EMA). On January 1, 2009, Cal EMA became the entity responsible for the State's emergency and disaster response services, including activities necessary to prevent, respond to, recover from, and mitigate the effects of emergencies and disasters to people and property.<sup>2</sup>

In 1994 the State established the Standardized Emergency Management System (SEMS) to standardize the responses to emergencies involving multiple jurisdictions or multiple agencies. State law requires the use of SEMS by all state agencies. In addition, local agencies such as cities, counties, and special districts that seek state funding eligibility under disaster assistance programs for their costs related to emergency responses must also use SEMS.<sup>3</sup> State regulations further define these costs for local agencies as personnel costs. SEMS consists of five organizational levels, which are activated by designated officials of emergency response agencies as appropriate to the scope of the particular emergency and the agency's role in responding to the emergency. Figure 1 on the following page presents SEMS' five organizational levels.

<sup>2</sup> Effective January 1, 2009, the Act established Cal EMA in the Office of the Governor to succeed to and be vested with the duties, powers, responsibilities, and jurisdiction previously vested with the offices of Homeland Security and Emergency Services.

<sup>3</sup> The California Code of Regulations, Title 19, Section 2900, defines *special district* as a unit of the local government in the State (other than a city, county, or city and county) with authority or responsibility to own, operate, or maintain a project under the California Disaster Assistance Act, including a joint powers authority established under the California Government Code, Sections 6500 et seq.

**Figure 1**  
The Five Levels of the Standardized Emergency Management System



Sources: California Code of Regulations, Title 19, sections 2402, 2403, 2405, 2407, 2409, 2411, and 2413.

\* To request federal assistance, Cal EMA coordinates with the Federal Emergency Management Agency.

SEMS' first level is field response. When operating at this level, emergency response agencies must use the functions, principles, and components of the Incident Command System (ICS), which is a standardized, on-scene, incident management approach that all levels of government use for incidents of any type, scope, and complexity. For example, the ICS functions are command, operations, planning, logistics, and finance. The command function directs, orders, and controls resources; the operations function coordinates the tactical response of all field operations in accordance with the incident action plan; the planning function collects, evaluates, documents, and uses information about the development of the incident and the status of resources; the logistics function provides facilities, services, personnel, equipment, and materials in support of the incident; and the finance function handles all financial and cost-analysis aspects, as well as any other administrative aspects of the incident.

SEMS' second level is local government and is used when either a local government activates its emergency operations center (EOC) or a local government proclaims a local emergency that is likely to be beyond the control of its services, personnel, equipment,

and facilities. SEMS' third level is the operational area. State law designates each county as an operational area to serve as a link in the system of communications and coordination between the State's EOCs and the EOCs of the political subdivisions within the county's geographical area. The operational area level is used when any of the following conditions exist: (1) a local government activates its EOC and requests activation of the operational area EOC to support its emergency operations; (2) two or more cities proclaim a local emergency; (3) a county or one or more cities proclaim a local emergency; (4) a city, city and county, or county requests a governor's proclamation of a state of emergency; (5) the governor proclaims a state of emergency for a county or two or more cities; or (6) the operational area is requesting resources or has received resource requests from outside of its boundaries. SEMS' fourth level is the regional level and is used when any operational area within a mutual aid region activates its EOC. Cal EMA is the lead agency responsible for establishing the regional-level EOC. California has six mutual aid regions, and each region includes multiple operational areas, as the map in Appendix A illustrates. Finally, SEMS' fifth level, the state level, is activated when a region activates its EOC, the governor proclaims a state of emergency, or the governor proclaims an earthquake or volcanic prediction. Cal EMA is the lead agency responsible for establishing the state-level EOC.

### **Obtaining Mutual Aid in an Emergency**

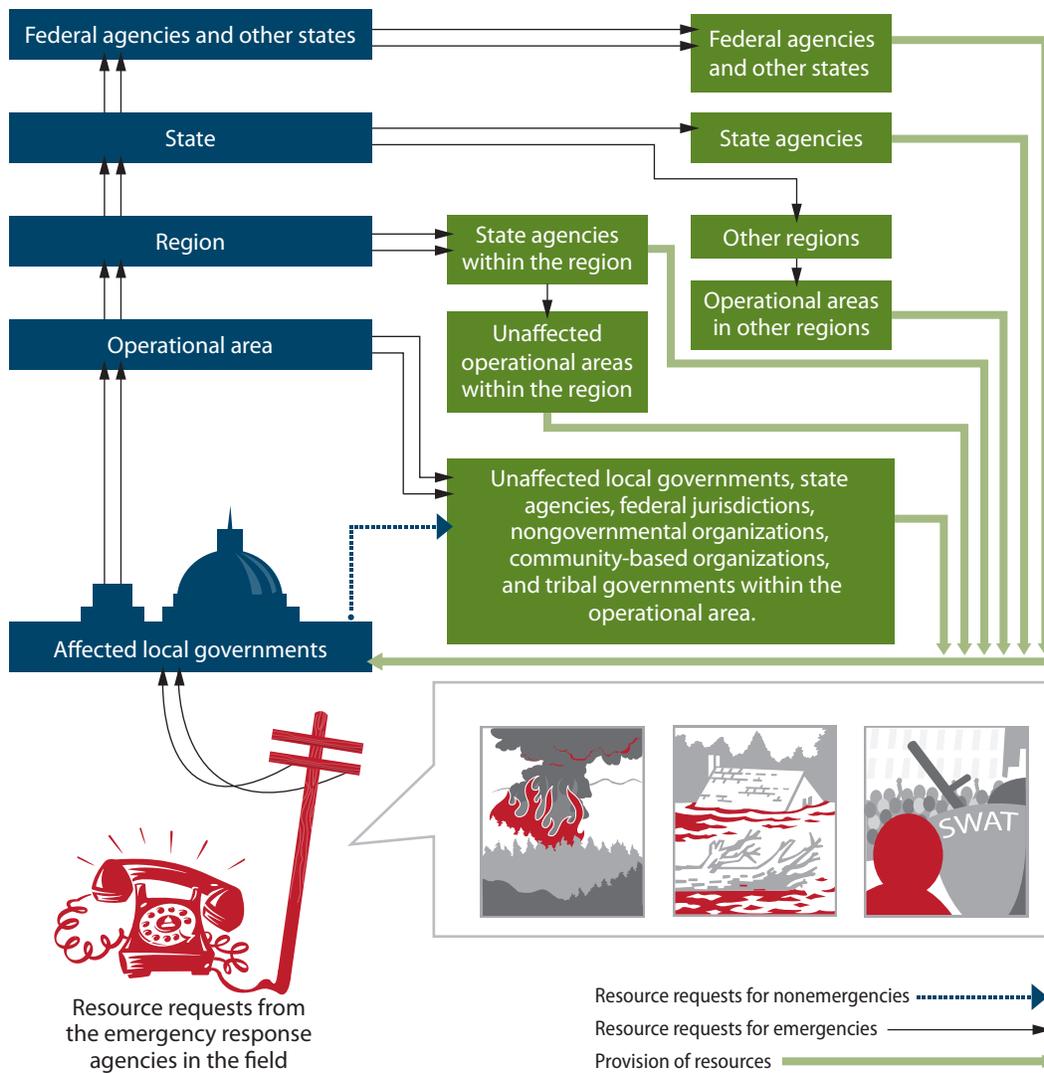
State regulations define *mutual aid* as voluntary aid and assistance provided by one jurisdiction to another, consisting of the provision of services and facilities, including fire, police, medical and health, communication, transportation, and utilities. According to state regulations, the intent of mutual aid is to provide adequate resources, facilities, and other support to jurisdictions whenever their own resources prove inadequate to cope with a given situation.

State law allows state agencies and local governments to obtain mutual aid in nonemergency periods in accordance with the California Disaster and Civil Defense Master Mutual Aid Agreement (master mutual aid agreement) and their local ordinances, resolutions, agreements, or plans. For example, the city of Corona has agreements with another city, a county, a special district, and a federal agency to obtain mutual aid during nonemergency periods. However, according to our review of agreements and interviews with selected emergency response providers, mutual aid that state agencies and local governments obtain in their day-to-day operations does not involve the activation of SEMS. Typically, the agreements will specify the emergency

response procedures for mutual aid situations, including who will be in charge, the amounts and types of assistance to provide, and the methods of communication.

Once the state agencies and local governments have exhausted their own resources and the resources they obtain from others for their day-to-day operations, they can obtain mutual aid using SEMS. Figure 2 shows the flow of mutual aid requests and resources. Generally, the mutual aid system allows for the progressive mobilization of resources, with the intent to provide adequate resources to requesting agencies.

**Figure 2**  
The Flow of Mutual Aid Requests and Resources in California



Source: State of California Emergency Plan dated July 2009.

At the heart of California's mutual aid system is the master mutual aid agreement signed by Governor Earl Warren on November 15, 1950, which is entered into by and between the State and its departments and agencies and the various political subdivisions, municipal corporations, and other public agencies within the State. It requires each party to develop a mutual aid operational plan that details the party's methods for making available and furnishing resources, facilities, and services. The master mutual aid agreement also requires all parties to extend the mutual aid covered by this agreement, and by the operational plans adopted under the agreement, without reimbursement unless the parties expressly provide otherwise. Further, the master mutual aid agreement requires the parties to furnish mutual aid when there is a local peril or emergency and when a state of extreme emergency has been proclaimed. Finally, state law allows the governor to enter into reciprocal aid agreements, compacts, mutual aid plans, or other interstate arrangements for the protection of life and property with other states and with the federal government. The master mutual aid agreement requires the parties to abide by these reciprocal agreements.

California's overall mutual aid system includes several specific mutual aid systems that are tailored to different emergency response disciplines. Cal EMA is responsible for coordinating the mutual aid systems for fire and rescue, law enforcement, and emergency services. In addition, the Emergency Medical Services Authority coordinates the disaster medical mutual aid system. State regulations require these systems to be consistent with SEMS and the master mutual aid agreement.

### **Obtaining Reimbursable Emergency Assistance**

In addition to the master mutual aid agreement, state agencies and local governments sometimes enter into other mutual aid agreements that stipulate that the responding agencies will provide mutual aid without reimbursement for short periods, such as the first 12 or 24 hours of an emergency, and that the requesting agencies must pay the responding agencies for any aid provided after that time. For example, the Agreement for Local Government Fire and Emergency Assistance to the State of California and Federal Fire Agencies, commonly referred to as the California Fire Assistance Agreement (CFAA), was entered into in 2009 by Cal EMA, the California Department of Forestry and Fire Protection (CAL FIRE), the U.S. Department of Agriculture Forest Service, and four agencies that are part of the U.S. Department of the Interior—the Bureau of Land Management, the National Park Service, the Fish and Wildlife Service, and the Bureau of Indian Affairs.<sup>4</sup> The CFAA's

<sup>4</sup> The State entered into similar agreements with the federal government prior to 2009.

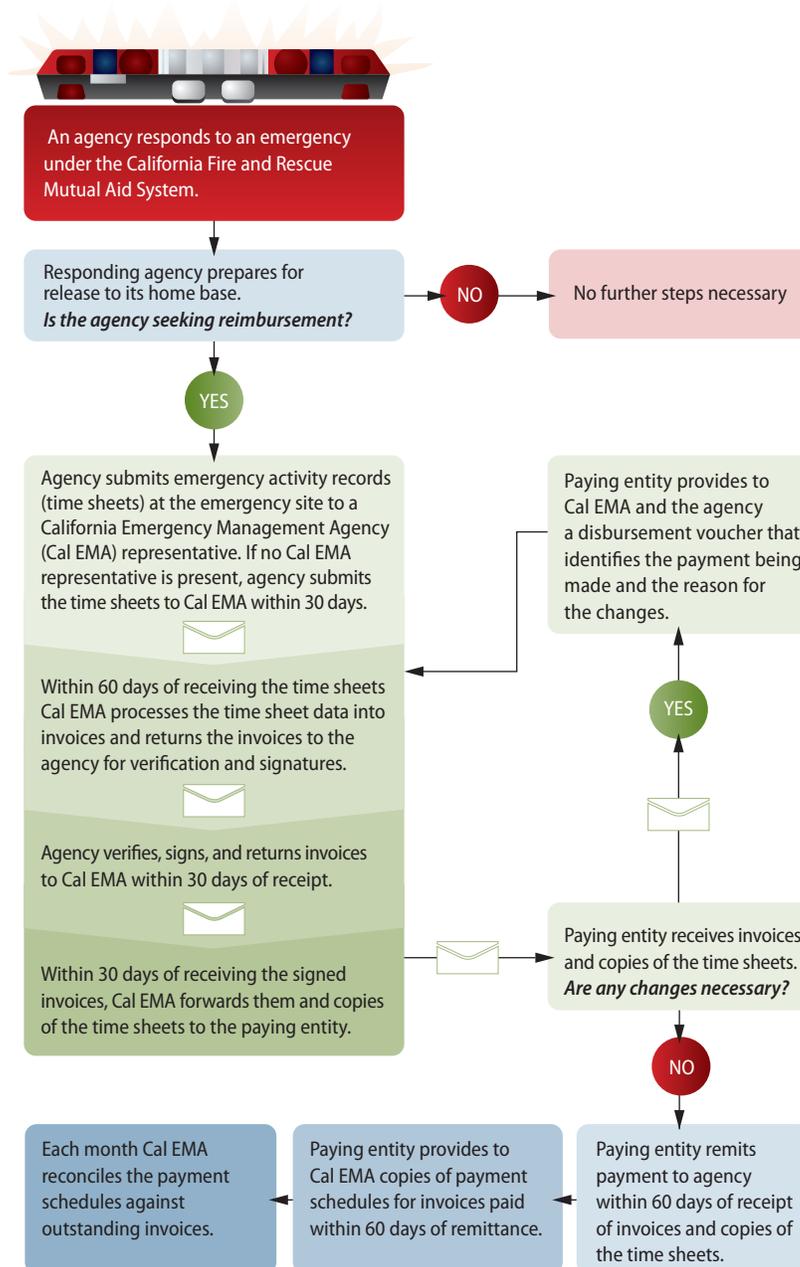
purpose is to establish processes that facilitate the prudent sharing and use of emergency equipment and personnel by state and federal agencies during severe wildfire conditions and other emergencies. The agencies that signed the CFAA (signatories) will generally use this agreement when resources available under local agreements have been exhausted or local agreements do not exist. The CFAA states that if the response period is 12 hours or less, local governments will not receive reimbursement for the emergency equipment and personnel used to respond under the California Fire and Rescue Mutual Aid System. The CFAA is the primary fiscal authority that signatories use for reimbursing local governments for the use of their resources. In addition, when ordering emergency equipment and personnel from other agencies through the California Fire and Rescue Mutual Aid System, local governments may use the CFAA as the primary fiscal authority for reimbursing other local governments. Figure 3 illustrates the reimbursement process under the CFAA.

The CFAA provides a standard formula for reimbursing personnel at a base rate applicable to all local jurisdictions. However, if local governments pay personnel wages that are higher than the CFAA base rates and seek reimbursement at the higher rate, the local governments must submit to Cal EMA salary surveys that include the average actual hourly rates they pay employees in certain classifications. Cal EMA surveys the local governments annually to determine the average actual hourly rates that the governments pay their fire chiefs, captains and lieutenants, engineers, and firefighters. The CFAA requires Cal EMA to reimburse local governments using either the base rates or the salary surveys on file at the time they initially dispatch their personnel to the relevant emergency. The CFAA also provides standard guidelines for reimbursing responding agencies for the use of their emergency equipment. For example, the CFAA requires that reimbursements for engines and tactical water tenders be in accordance with the Schedule of Equipment Rates published by the Federal Emergency Management Agency pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act). Cal EMA publishes this schedule in its annual rate letter.

The State's effort to promote mutual aid during emergencies also extends to other states. By ratifying and approving the Interstate Civil Defense and Disaster Compact (compact), which took effect on June 29, 1977, the Legislature affirmed the agreement executed by Governor Earl Warren on December 10, 1951, between California and other states that are parties to the compact. The purpose of the compact is to provide mutual aid among the states to meet any emergency or disaster from enemy attack or other cause (natural or otherwise). The compact provides that the directors of civil defense of all party states shall constitute a committee to formulate

plans and take the necessary steps to implement the compact. The compact requires a state receiving aid to reimburse the state providing the aid for its costs, but also allows a state that provides such aid to assume those expenses, and allows the states to have supplementary agreements establishing allocation of costs.

**Figure 3**  
**The Reimbursement Process Under the California Fire Assistance Agreement**



Source: The California Fire Assistance Agreement dated August 10, 2009.

In addition, by ratifying and approving the Emergency Management Assistance Compact (EMAC), which took effect in California on September 13, 2005, the Legislature affirmed the State's intent to continue its long history of sharing emergency resources with other states during times of disaster. EMAC is a mutual aid agreement that allows California to provide assistance to and receive assistance from the other 49 states, the Commonwealth of Puerto Rico, the District of Columbia, and all U.S. territorial possessions (collectively referred to as *states*) if the governor of an affected state declares an emergency or disaster. Under the terms of EMAC, the authorized representative of a state may request assistance from another state by contacting the authorized representative of that state. EMAC requires a state that receives aid to reimburse the costs incurred by the state providing the aid. However, EMAC also allows a state that supplies such aid to assume those expenses, and it allows the states to have a supplementary agreement that establishes a different allocation of costs. Cal EMA and the State's EMAC coordinator are responsible for facilitating requests for assistance under EMAC.

### Scope and Methodology

The Joint Legislative Audit Committee (audit committee) directed the Bureau of State Audits (bureau) to review California's mutual aid system and to determine whether participation in the system by local and regional agencies is viable given the economic stresses on locally governed bodies throughout California. Specifically, the audit committee directed us to review and evaluate the laws, rules, and regulations significant to the audit objectives. It also directed us to determine the operational structure of California's mutual aid system and to identify how costs associated with participating in the mutual aid system are captured, tracked, and funded.

In addition, the audit committee asked us to select a sample of mutual aid regions and, within those regions, select a sample of emergencies or disasters for which the mutual aid system was used. The audit committee asked us specifically to include state and federally declared disasters, as well as other emergencies, in our sample. The audit committee directed us to perform the following tasks using this sample: First, review and assess the process local jurisdictions have in place for funding and tracking costs and reimbursements related to providing services and resources that are needed in responding to mutual aid requests. Second, for agencies in our sample that responded to an emergency, determine the costs incurred by each of them—both reimbursed and unreimbursed costs. Third, for the reimbursed costs, determine if there was a cost to the State or other entities responsible for payments and, if so, determine how long it took to receive reimbursement payments and the reasons for any delays in payment. Fourth, to the extent

possible, determine if some local jurisdictions receive more benefits under the mutual aid system than others and, if so, determine why. Fifth, determine whether the local entities have evaluated the impact that responding to these emergencies has on their respective budgets, and how future budget cuts may affect their ability to respond to mutual aid requests.

Further, the audit committee directed us, to the extent possible, to compare the results from the analysis of our sample, both within each region and from region to region, and determine if reimbursements to local jurisdictions are comparable and, if not, determine the reason for any variances. Finally, the audit committee requested that we review and assess any other issues that are significant to California's mutual aid system. For the purpose of this audit, we established January 1, 2006 through December 31, 2010 as our audit period.

To review and evaluate the laws, rules, and regulations significant to the audit objectives, we obtained and reviewed federal and state laws and regulations, including the Stafford Act, the Act, the California Disaster Assistance Act, and EMAC. We also reviewed documents such as the State's emergency plan, the master mutual aid agreement and specific discipline-related mutual aid plans, and the CFAA. Finally, we reviewed relevant Cal EMA policies and procedures.

We performed numerous procedures to select mutual aid regions and—within those regions—to select emergencies or disasters for which agencies used the mutual aid system, including state-proclaimed emergencies, federally declared disasters, and other emergencies. We relied upon electronic data to perform this audit. The U.S. Government Accountability Office, whose standards we follow, requires us to assess the sufficiency and appropriateness of computer-processed data. To comply with this standard, we assessed each system separately according to the purpose for which we used the data in this report.

For the purpose of selecting emergencies or disasters related to fires for which mutual aid was used, we obtained data from the National Interagency Resource Ordering and Status System (ROSS), which is a federally maintained data system that agencies use to request resources for emergencies.<sup>5</sup> Although this system contains the most complete information for mutual aid, it has

<sup>5</sup> The National Wildfire Coordination Group sponsored the development of ROSS, and the U.S. Department of Agriculture Forest Service is responsible for managing the system. ROSS was designed to provide the current status of resources available to support mobilization activities, to enable dispatch offices to exchange and track resource order information electronically, and to reliably exchange emergency electronic messages that are critical to response efforts.

many limitations. For example, many local agencies do not use it; therefore, ROSS does not contain data on many of the daily small-scale mutual aid emergencies that occur throughout California. In addition, according to Cal EMA's chief of fire and safety, beyond the state level, local agencies that represent the operational areas and regional areas use ROSS voluntarily. Further, we found that even when ROSS listed certain emergencies, local agencies did not necessarily enter data about all of their resources. Because the National Wildfire Coordination Group would not grant us access to this system, we were unable to obtain from the ROSS database an extract of the detailed resource request information data, and, as a result, we did not perform data-set verification procedures or completeness testing. Instead, we concluded that the ROSS data were of undetermined reliability for purposes of selecting fire emergencies. Nevertheless, we used this information because no other source was available. For a further discussion of our methodology for selecting emergencies and disasters, see Appendix B.

For the purpose of selecting emergencies or disasters related to law enforcement in which mutual aid was used, we obtained data from Cal EMA's Response Information Management System (RIMS), which is a standard Web application. Cal EMA uses the mission request tasking form in RIMS to order and coordinate state agency resources to respond to and assist local governments and other state agencies in emergencies and disasters. Roughly 4,500 users—including cities, counties, special districts, and state agencies—enter data directly into RIMS. A November 2008 feasibility study report prepared by the Governor's Office of Emergency Services identified challenges reported by RIMS users, such as the lack of a consistent method for updating RIMS reports and the loss of large amounts of data due to system "timeouts" when users were completing forms. Further, a 2009 report prepared by Cal EMA's consultant found that data and information reported within RIMS were frequently inconsistent, not credible, and unusable for analyses because Cal EMA lacked standardized processes and detailed desk instructions and because it did not have a comprehensive approach to train all staff in the use of RIMS. The consultant also found that Cal EMA lacked adequate internal controls over RIMS, such as the ability to overwrite data fields when staff do not use the "update" feature. Finally, we interviewed a Cal EMA official who stated that the information in RIMS may not always be accurate.<sup>6</sup> Because of our review of the existing information just described, we chose not to request an extract of the mission request tasking data from the RIMS database; consequently, we did not perform data-set verification

<sup>6</sup> On December 15, 2010, Cal EMA released its request for proposals related to the development of a new emergency response information and resource management system to replace RIMS. The prospective bidders were asked to submit their bids by September 9, 2011. As of January 23, 2012, Cal EMA had not awarded a contract for this system.

procedures or completeness testing. Instead, we concluded that the RIMS data were of undetermined reliability for purposes of selecting a sample of law enforcement missions. Nevertheless, we used this information because no other source was available. For a further discussion of our methodology for selecting emergencies and disasters, see Appendix B.

To determine the operational structure of California's mutual aid system, we reviewed the Act, the State's emergency plan, the master mutual aid agreement, specific discipline-related mutual aid plans, and the regulations governing SEMS. In addition, we interviewed staff at Cal EMA and CAL FIRE to identify how costs associated with participating in the mutual aid system are captured, tracked, and funded. We also interviewed 28 entities providing and receiving aid for the 12 emergencies we selected for review, and we obtained some of these entities' mutual aid agreements with local, state, and federal agencies.

To review and assess the processes local jurisdictions have in place for funding and tracking costs and reimbursements related to providing services and resources that are needed in responding to mutual aid requests, we interviewed the entities providing and receiving aid for the 12 emergencies we selected for review. Appendix C provides a fuller discussion of the interviews.

To determine costs incurred by the local agencies responding to our selected emergencies—both those that were reimbursed and those that were not—we obtained information from the local agencies on the costs of the resources deployed. Using that information, we calculated the costs of the resources. Appendix C provides a fuller discussion of this analysis.

To determine if there was a cost to the State or other entities responsible for payments, we did not use the local agencies associated with our 12 selected emergencies. Instead, we obtained data from Cal EMA's Lotus Notes Invoicing System (invoicing system) to determine pay rates for personnel and hours billed to paying entities. To assess the reliability of Cal EMA's invoicing system data for these purposes, we performed data-set verification procedures, electronic testing of key data elements, accuracy, and completeness testing. We identified no issues when performing data-set verification procedures or electronic testing of key data elements. To test the accuracy of the data, we randomly selected a sample of 29 records from the invoicing system and traced key data elements to source documents. We found an error in each of the six key data fields. In response to these errors, we increased our accuracy sample from 29 to 46 records for these six key data fields, and found no additional errors. Finally, we tested the completeness of the invoicing system by comparing a haphazard

sample of 29 records collected from Cal EMA's office against Cal EMA's invoicing system and found no exceptions. Therefore, we determined that Cal EMA's invoicing system data were sufficiently reliable for determining pay rates for personnel and hours billed to paying entities.

To determine how long it took to receive reimbursement payments, we did not use data from the 12 selected emergencies. Instead, using Cal EMA's invoicing system, we selected 60 emergency activity records. We used the CFAA reimbursement guidelines to determine the length of time for each step in the process and to evaluate the timeliness of the reimbursements. Finally, we contacted Cal EMA to determine the reasons for any delays in reimbursement.

To determine whether the local entities have evaluated the impact that responding to mutual aid requests has on their respective budgets, and how future budget cuts may affect their ability to respond to requests for mutual aid, we conducted interviews with some of the local agencies that had responded to our 12 selected emergencies. In addition, for local agencies responding to the fires that we selected, we obtained and analyzed their budget information for fiscal years 2005–06 through 2010–11 to identify trends.

To determine whether some local jurisdictions receive more benefit under the mutual aid system than others and, if so, why, we interviewed personnel at the local agencies that responded to our 12 selected emergencies. However, for these selected emergencies, we were unable to determine whether one local agency received more benefits than another did, because we found that not all local agencies tracked the benefits they provided or received. Instead, using Cal EMA's invoicing system, we compared the dollar amount of aid provided and received between 2006 and 2010. Using the data, we also reviewed various components in the amount of aid such as the average hourly rates. To assess the reliability of Cal EMA's invoicing system data for these purposes, we performed data-set verification procedures, electronic testing of key data elements, accuracy, and completeness testing. We identified no issues when performing data-set verification procedures or electronic testing of key data elements. To test the accuracy of the data, we randomly selected a sample of 29 records from the invoicing system and traced key data elements to source documents. We found an error in each of the three key data fields. In response to these errors, we increased our accuracy sample from 29 to 46 records for these three key data fields and found no additional errors. Finally, we tested the completeness of the invoicing system by comparing a haphazard sample of 29 records collected from Cal EMA's office against Cal EMA's invoicing system and found no exceptions. Therefore, we determined that Cal EMA's

invoicing system data were sufficiently reliable for comparing the dollar amount of aid provided and received between 2006 and 2010 and for reviewing various components in the amount of aid, such as the average hourly rates.

We also obtained resource inventory data from the invoicing system to identify the number of firefighting resources agencies have available. To assess the reliability of Cal EMA's invoicing system data for these purposes, we performed data-set verification procedures, electronic testing of key data elements, accuracy, and completeness testing. We identified no issues when performing data-set verification procedures or electronic testing of key data elements. To test the accuracy of the data, we randomly selected a sample of 29 records from the invoicing system and traced key data elements to source documents. We found that seven key data fields had two or more errors in the first three records we tested. Due to the number of errors identified, we did not continue testing the remaining sample items. Finally, we tested the completeness of the invoicing system by electronically comparing the emergency aid records data to inventory records to ensure that the data contained inventory records for all agencies responding to emergencies. We found the data to be materially complete. Based on our testing, we determined that Cal EMA's invoicing system data were not sufficiently reliable to identify the number of firefighting resources agencies have available. Nevertheless, we present these data, as they represent the best available source of information.

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## Audit Results

### Local Agencies That Provide Emergency Assistance Generally Receive Reimbursements in a Timely Manner

As we discussed in the Introduction, the California Emergency Management Agency (Cal EMA) handles the invoicing process for local agencies requesting reimbursement for resources provided during an emergency response. Between 2006 and 2010, Cal EMA processed invoices totaling \$387.9 million using its Lotus Notes Invoicing System (invoicing system).<sup>7</sup> Cal EMA stated that the information in its invoicing system represents, for the most part, invoices for mutual aid provided under the California Fire Assistance Agreement (CFAA) or other specific agreements and not mutual aid provided under the California Disaster and Civil Defense Master Mutual Aid Agreement, which is generally provided without reimbursement. Using unaudited information provided by Cal EMA on the nature of the emergency and the governmental entities responsible for paying the reimbursements (paying entity) for the emergency, we identified the sources shown in Table 1 and the estimated reimbursements to emergency response agencies. The emergencies Cal EMA identified were fires, oil spills, winter storms, and hurricanes.

**Table 1**  
**Sources of Agencies' Reimbursement Between 2006 and 2010**

SOURCE OF REIMBURSEMENT	ESTIMATED AMOUNT OF REIMBURSEMENT (IN MILLIONS)
Federal Emergency Management Agency	\$186.2
Other federal agencies	97.9
California Department of Forestry and Fire Protection	95.0
Agencies in other states	4.1
California Emergency Management Agency—California Disaster Assistance Act*	2.4
Other†	0.9
<b>Total</b>	<b>\$386.5</b>

Sources: Bureau of State Audits' (bureau) analysis of data obtained from the California Emergency Management Agency's (Cal EMA) Lotus Notes Invoicing System (invoicing system) and Cal EMA's unaudited paying entity data. Please refer to the Introduction's Scope and Methodology for the bureau's assessment of the invoicing system's data reliability.

Note: Although Cal EMA processed invoices totaling \$387.9 million, invoices totaling \$1.4 million were not reimbursed during this period.

\* The California Disaster Assistance Act authorizes Cal EMA's secretary to provide financial assistance to, among other things, repair, restore, reconstruct, or replace public facilities belonging to local agencies damaged as a result of disasters that the governor determines present a threat to public safety.

† This amount includes dollars from various sources including a private entity.

<sup>7</sup> For the Bureau of State Audits' assessment of the data reliability of the invoicing system, please refer to the Introduction's Scope and Methodology.

*For 15 of 57 invoices, paying entities—such as the California Department of Forestry and Fire Protection and the U.S. Department of Agriculture Forest Service—took 314 days on average to reimburse the appropriate agencies.*

Our review of 58 invoices for reimbursements related to emergencies and disasters that occurred in California between 2005 and 2010 found that paying entities generally paid emergency response agencies within the 210-day time frame established by CFAA. Figure 3 on page 11 in the Introduction depicts the specific time frames for each step of the CFAA reimbursement process.<sup>8</sup> Paying entities such as the California Department of Forestry and Fire Protection (CAL FIRE) and the U.S. Department of Agriculture Forest Service reimbursed the local agencies, a state prison, and Cal EMA for 57 of the 58 invoices we reviewed within 172 business days, on average, from the last day they responded to the incident. However, for 15 of these 57 invoices, paying entities took 314 days on average to reimburse the appropriate agencies under the CFAA and other specific agreements.

Local agencies and a state prison did not receive reimbursement for six invoices in which the mutual aid was provided under the CFAA until an average of 305 business days after the agencies had responded to incidents. We found that the delays were attributable primarily to local agencies taking longer to submit their emergency activity records (time sheets) and invoices to Cal EMA and paying entities taking longer to remit reimbursements to the local agencies. The deputy chief of administration and the emergency services coordinator in Cal EMA's Fire and Rescue Division provided the following examples of circumstances that may prevent local agencies and paying entities from meeting their time frames: (1) A single incident may involve multiple paying entities that do not agree on their respective reimbursement amounts, (2) an extremely busy fire season can create a backlog in processing invoices, and (3) paying entities may not have funds to reimburse the local agencies due to delays in the State's passage of the annual budget. Cal EMA also stated that it has no control over whether or not local agencies and paying entities meet their obligatory time frames. Until Cal EMA determines how it will address those paying entities that delay reimbursements to the local agencies, the local agencies and other responding agencies risk bearing the costs for providing assistance longer than specified in the CFAA.

For the other nine invoices in which mutual aid was provided under other specific agreements, Cal EMA and two local agencies did not receive reimbursements until 321 business days, on average, after they responded to incidents. Cal EMA stated that the paying entity for these invoices was the Federal Emergency Management Agency (FEMA). Specifically, Cal EMA stated that the invoices were reimbursed under either FEMA's Fire Management Assistance Grant Program (FMAG) or its Public Assistance Program (PA).

<sup>8</sup> The CFAA refers to "days" but does not specify business or calendar days. For purposes of the Bureau of State Audits' analysis, we chose to use business days. If we were to use calendar days, the delays would be significantly longer.

Under the FMAG, states can submit a request for assistance to FEMA at the time a threat of major disaster exists. Under the PA, states can submit a request for assistance so that they can quickly respond to and recover from major disasters or emergencies declared by the President. Both programs require the applicant to submit to FEMA, for its review and approval, a project worksheet that documents the scope of work and cost estimate for a project. The programs each have their own reimbursement requirements. Cal EMA stated that, because FEMA is not a signatory to the CFAA, Cal EMA is required to meet the reimbursement time frames for these programs instead of for the CFAA.

However, we found that it took Cal EMA, on average, 311 business days after emergency response staff submitted their time sheets to draw down funds from the federal government for the nine invoices. In explaining the delay, Cal EMA stated that it must wait for FEMA to obligate the amount approved for the project before it can draw down the funds. Our analysis of these invoices found that it took FEMA an average of only 57 business days to review, approve, and obligate the funds. On the other hand, it took Cal EMA an average of 152 business days to submit the project worksheets to FEMA after receiving the time sheet and an average of 105 business days to request the draw down after receiving FEMA's obligation notice. Thus, Cal EMA is primarily responsible for the delays in the reimbursement process for these invoices.

Further, for one of the 58 invoices, the local agency was unable to provide us with documentation indicating that it received reimbursement for an emergency it responded to in 2006. Finally, in addition to the 58 invoices, we reviewed two invoices for emergencies that occurred in other states and for which local agencies in California provided assistance under the Nevada Interstate Agreement and the Emergency Management Assistance Compact (EMAC). Using the CFAA reimbursement process, Cal EMA processed the invoices for these emergencies. In one instance, the Grass Valley Fire Department responded to a 2006 incident in the state of Nevada and did not receive a reimbursement until 247 business days after it responded to the incident. In the other instance, the Stockton Fire Department responded to a 2008 incident in the state of Texas and provided assistance totaling more than \$242,000. In submitting the reimbursement request to the state of Texas, Cal EMA did not include the correct amount for the fire department's personnel costs when it consolidated all of the invoices for California's emergency response agencies. In January 2011 both the fire department and Cal EMA contacted a state of Texas representative to resolve the error. However, the fire department stated that as of December 2011, it had not received reimbursement for roughly \$222,000 of its incurred costs.

*The Stockton Fire Department responded to a 2008 incident in the state of Texas and provided assistance totaling more than \$242,000, and as of December 2011, it stated that it had not received reimbursement for roughly \$222,000 of its incurred costs.*

*Cal EMA does not ensure that agencies calculations are correct—of 718 transactions we calculated potential underbillings of nearly \$67,000 by nine agencies and potential overbillings of nearly \$674,000 by 13 agencies.*

### **Some Local Agencies May Have Claimed Incorrect Reimbursements for Their Personnel**

Our review of 24 transactions for emergencies and disasters found that 22 of the 24 agencies may have submitted inaccurate figures for their personnel's average actual hourly rates. In performing our analysis we used salary information that each agency provided, which was a reasonable representation of the salaries during the same period the salary survey was in effect, to calculate the average actual hourly rate.<sup>9</sup> The inaccuracies may have potentially resulted in the agencies underbilling by nearly a total of \$3,700 and overbilling by a total of more than \$15,700. We then expanded our review of transactions to include those submitted by the 24 agencies between 2006 and 2010 that had the same effective date of the salary surveys in our sample. We identified 718 transactions and found that the potential inaccuracies in the average actual hourly rates may have resulted in nearly \$67,000 in underbillings by nine agencies and nearly \$674,000 in overbillings by 13 agencies. Although Cal EMA has instructed agencies on the correct way to calculate the hourly rates for emergency personnel, it does not ensure that agencies' calculations are correct.

The CFAA provides a standard formula for reimbursing personnel costs at a base rate applicable to all local jurisdictions. However, if local agencies pay their personnel wages that are higher than the CFAA base rates and wish to seek reimbursement at the higher rate, the agencies must submit a salary survey to Cal EMA that includes the average actual hourly rates that they pay. The formulas and rates of payment stated in the CFAA represent full reimbursement for direct costs, including costs that local agencies incur to provide replacements for personnel who are providing assistance at an incident. If personnel responding to an emergency are in positions that are at or below the battalion chief classification—such as engineers, firefighters, captains, and lieutenants—or if the personnel are reimbursed at the CFAA base rates described in Cal EMA's annual rate letter, the CFAA reimburses the local agencies at 1.5 times the respective hourly rate for their personnel.

Agencies calculating their own hourly rates did not always do so accurately. Cal EMA instructs local agencies submitting a salary survey to establish an hourly rate for each salary classification by using a person's current actual salary to determine the hourly rate for each individual in the classification. Cal EMA's instructions for completing the 2006 through 2010 salary surveys directed the

<sup>9</sup> Our analysis did not include any adjustments for individuals in each classification who may have been hired, terminated, or had salary movement between the actual date of the salary data each agency provided and the date the salary survey was submitted to Cal EMA.

local agencies to exclude overtime, benefit pay, specialty pay and incentive pay when establishing an hourly rate for each salary classification. To arrive at the average actual hourly rate for each classification of emergency response personnel, the local agencies are then to total the hourly rates for the individuals in the classification and divide the total by the number of persons in the classification.

However, we found that 22 of the 24 agencies we reviewed may not have calculated their average actual hourly rates using this method. For instance, the Monterey Fire Department (Monterey department) has five steps in its firefighter classification, with hourly rates that range from \$21.74 to \$26.42. To calculate the average actual hourly rate, the Monterey department incorrectly totaled the hourly rates for each of the steps and divided by five to arrive at an hourly rate of \$24.03. Our recalculation of the average actual hourly rate using the actual hourly rate for each of the employees within the classification determined that the Monterey department's rate should have been \$24.46. Thus, the Monterey department underreported its hourly rate for the firefighter classification and three other classifications. In total, the Monterey department could have claimed an additional \$20,636 in personnel costs for the 31 transactions processed using its salary survey in effect as of May 22, 2008. The Monterey department agreed that its calculation was inconsistent with Cal EMA's instructions because it used a simple average of each position classification's salary steps instead of an average of the actual hourly rates being paid to each employee in each classification.

In another instance, it appears that the Oakland Fire Department (Oakland department) selected its highest hourly rate within its battalion chief classification, or \$72.84, and reported this rate on its salary survey as the average actual hourly rate for this classification. However, our recalculation of the average actual rate for the classification, based on the hourly rates paid to the 12 employees within the classification, resulted in an hourly rate of \$52.53. Further, the Oakland department overreported its hourly rate for three other classifications. As a result, for the 59 transactions processed using its salary survey in effect as of June 6, 2008, the Oakland department may have billed \$288,014 more in personnel costs than it should have. The Oakland department stated that it could not provide documentation to support the rate on its salary survey because, due to its three-year record retention requirement, the records are no longer available.

Despite the fact that Cal EMA provides local agencies with instructions for calculating average actual hourly rates for reimbursement, it does not take steps to ensure that the figures

*For the 59 transactions processed using its salary survey in effect as of June 6, 2008, the Oakland department may have billed \$288,014 more in personnel costs than it should have.*

the agencies submit are accurate. In general, Cal EMA has written its instructions clearly, and they provide sufficient guidance for agencies to understand the calculation method. For example, the instructions clearly describe how to calculate the rate, and they include an example of the calculation. The CFAA states that Cal EMA and the local agencies are subject to examination and audit by the parties to the agreement for three years after the final payments under the terms of the agreement. In addition, the CFAA states that all data calculations for personnel reimbursements are subject to audit by the State of California, which the CFAA defines as Cal EMA and CAL FIRE, or the federal fire agencies. Cal EMA's chief legal counsel stated that, although Cal EMA has contractual authority under the CFAA to conduct an audit, it does not have express authority under state law to conduct any audit function. The chief legal counsel also stated that, even if state law were amended to provide Cal EMA with express audit authority, Cal EMA does not have adequate resources to conduct the audits. Until Cal EMA takes steps to ensure the accuracy of the average actual hourly rates that local agencies submit in their annual salary surveys, local agencies will continue to be able to submit potentially erroneous bills to state and federal agencies paying for these resources.

#### **Cal EMA's Invoicing System Does Not Help Entities Comply With Certain Criteria for Federal Personnel Reimbursements**

Currently, the invoicing system that Cal EMA uses to implement the CFAA reimbursement process does not provide sufficient information on the actual number of hours the emergency response personnel work so that entities such as CAL FIRE can claim appropriate reimbursements in accordance with certain federal criteria. However, until FEMA and CAL FIRE resolve the reimbursement issue identified in a March 2011 federal audit related to CAL FIRE claiming more than 16 hours per day after the first 48 hours, the specific changes Cal EMA may need to make, if any, are unknown.

*Until FEMA and CAL FIRE resolve the reimbursement issue identified in a March 2011 federal audit, the specific changes Cal EMA may need to make, if any, are unknown.*

The CFAA requires the agencies responding under the California Fire and Rescue Mutual Aid System to submit an emergency activity record (time sheet), and Cal EMA enters the time sheet into the invoicing system to generate an invoice. The CFAA also requires that reimbursements for personnel and for emergency equipment used during a response period of more than 12 hours should cover the entire time of commitment, from the time of the initial dispatch from home base to the time of return to the home base. To comply with this CFAA requirement, Cal EMA captures on the time sheet the date and time that the agency committed to the incident and then returned from the incident.

The federal Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), among other things, authorizes the President to provide assistance to state and local governments for the mitigation, management, and control of any fire on public or private forest land or grassland that threatens such destruction as would constitute a major disaster. The Stafford Act requires that the federal share of assistance be not less than 75 percent of the eligible cost of such assistance. FEMA, which administers the Stafford Act, issued a 2007 disaster assistance policy that encourages parties to address the subject of reimbursement in written mutual aid agreements such as the CFAA, and states that FEMA will honor the reimbursement provisions contained in agreements entered into before a disaster if those agreements meet the requirements of FEMA's disaster assistance policy. The disaster assistance policy contains no stated limit on the number of hours FEMA will reimburse for labor expenses incurred according to preexisting mutual aid agreements. However, FEMA has also issued a 2006 recovery policy related to labor costs for emergency work (recovery policy), which requires, in part, that reimbursements of the labor cost for employees performing emergency work be limited to the actual time that the individuals work, even if the agency is obligated to pay their personnel for 24-hour shifts. In addition, because FEMA believes that it is unreasonable for a person to work more than 48 hours continuously without an extended rest period, the recovery policy permits the reimbursement of personnel costs up to 24 hours for each of the first two days and up to 16 hours for each of the following days in the response period.

The reimbursement provisions contained in the CFAA are not consistent with FEMA's recovery policy. Because of the apparent inconsistency between the two FEMA policies—one adopting the terms of local agreements that may contain no limit on the number of reimbursable hours and the other limiting the number of reimbursable hours—we contacted FEMA for clarification. An Emergency Management Program Specialist (program specialist) in FEMA's recovery division for Region IX, which includes California, Arizona, Nevada, Hawaii and certain Pacific Islands areas stated that the terms of local agreements would not supersede the recovery policy 16-hour criterion if the responding entities were applying directly to FEMA for assistance. However, the program specialist also stated that, if the responding entities submitted their invoices to a requesting entity such as CAL FIRE, the local agreements may supersede the recovery policy because the disaster assistance policy treats the responding entities' labor expense as a contract labor expense instead of an employee expense.

Because Cal EMA's time sheets do not track the actual work time for emergency personnel, no electronic information is available for us to determine whether Cal EMA and local agencies are meeting this aspect of FEMA's reimbursement policy.

***Our analysis of 6,675 of the 7,078 transactions indicates that CAL FIRE may have billed FEMA \$22.8 million more than it should have.***

However, between 2006 and 2010, 7,078, or 29 percent, of the 24,532 transactions generated by Cal EMA on behalf of agencies claimed more than 16 hours per day after the first 48 hours. For these 24,532 transactions CAL FIRE and Cal EMA were responsible for billing FEMA.

Our analysis of 6,675 of the 7,078 transactions, to which we applied FEMA's 16-hour reimbursement policy, indicates that CAL FIRE may have billed FEMA \$22.8 million more than it should have. This amount included \$18.1 million in personnel costs, \$1.4 million in workers compensation and unemployment insurance benefits, and \$3.3 million in administration costs. For example, the Alameda County Fire Department responded to the Butte Lightning Complex incident in 2008 and provided a fire engine and four staff members. The transaction that Cal EMA generated for this department claimed reimbursement for 501 personnel hours, an amount in accordance with the terms of the CFAA. However, based on FEMA's recovery policy, which allows only 16 hours per 24-hour period after the first 48 hours of emergency response, only 352 of these hours were eligible for reimbursement from FEMA. Therefore, based on FEMA's recovery policy, CAL FIRE should not have billed federal sources \$32,357 of the \$130,832 claimed for this transaction.

CAL FIRE stated that it schedules firefighting resources for a 24-hour response, unlike its federal counterparts. CAL FIRE also said that the reimbursement packages it sends to FEMA includes payments for resources scheduled for a 24-hour response. In addition, CAL FIRE stated that the issue we raised about reimbursement criteria was also raised in a recent audit conducted by the U.S. Department of Homeland Security's Office of Inspector General. FEMA's program specialist stated that FEMA is actively reviewing the issue of CAL FIRE's request of reimbursements for 24-hour periods. Further, the program specialist said that FEMA's response may result in a decision to recover some or all of the \$6.7 million identified in the audit report related to this issue. Finally, the program specialist stated that, although FEMA reimbursed CAL FIRE for the full amount claimed for the disaster discussed in the audit and has not recovered any questioned costs at this point, FEMA's previous actions should not indicate that it does not intend to recover the costs.

Our analysis of the remaining 403 of the 7,078 transactions indicates that Cal EMA may have requested almost \$1.2 million more than it should have from FEMA, including more than \$935,000 in personnel costs, \$78,000 in workers compensation and unemployment insurance benefits, and more than \$166,000 in administration costs. Cal EMA stated that it does not believe that the limit on hours worked applies to the reimbursements it submits to FEMA. Cal EMA pointed to FEMA's disaster assistance policy and recovery policy to support its position. Specifically, FEMA's disaster assistance

policy states that the labor force expenses of a providing entity will be treated as contract labor, with regular time and overtime wages and certain benefits eligible provided the labor rates are reasonable. Based on this aspect of the policy, Cal EMA believes the aid provided through the CFAA or the master mutual aid agreement is considered contract labor. Further, Cal EMA believes that, because the FEMA recovery policy refers to “employees” performing emergency work and references “the applicant,” the 16-hour limit applies only to the requesting entity’s staff—known as force account labor—and does not apply to contract labor. However, Cal EMA’s position is inconsistent with the Office of Inspector General’s report, which includes both force account labor and contract labor charges in the \$6.7 million it identified related to this issue.

If FEMA determines that the CAL FIRE calculations and claims identified in the audit were erroneous, CAL FIRE and Cal EMA will need to revise their method of claiming reimbursements from FEMA, and this method may require Cal EMA to modify the data that CAL FIRE and other entities capture on their time sheets and in its invoicing system. Cal EMA stated that it is currently in the process of seeking a replacement for its invoicing system. According to Cal EMA’s deputy chief of administration, Cal EMA was supposed to begin testing the system starting in April 2011, but this testing did not occur due to staff turnover. Further, the deputy chief stated that, although Cal EMA information technology staff have gained valuable knowledge over the last year, Cal EMA is not close to completing the project. However, before Cal EMA implements its replacement system, it must ensure that the system can track sufficient information to comply with both the FEMA and CFAA reimbursement criteria.

### **The Dollar Amounts of Aid That Regions Provide and Receive Vary From Year to Year**

The local agencies in a few of the mutual aid regions, which Appendix A identifies, provided significantly more aid than they received between 2006 and 2010. Cal EMA’s data suggest that, because these regions have more firefighting resources than their counterparts do, some of California’s mutual aid regions are better able to furnish emergency assistance if their resources are available. Further, part of the reason for variances in the cost of the aid provided by each region is that personnel reimbursements within each area differ.

#### ***Between 2006 and 2010, the Dollar Amounts of Aid That the Six Mutual Aid Regions Supplied and Received Varied Significantly***

Local agencies in a few of the mutual aid regions provided significantly more aid during our audit period than they received. For example, Regions 2 and 4 provided to other regions \$77 million

*Regions 2 and 4 provided to other regions \$77 million and \$48 million in aid, respectively; however, they received only \$17 million and \$3 million in aid, respectively, from outside their regions.*

and \$48 million in aid, respectively; however, they received only \$17 million and \$3 million in aid, respectively, from outside their regions. More than \$134 million, or more than a third of the total aid shown in Table 2 went to agencies within the same region as the agency providing the aid. Moreover, various operational areas within each region provided and received significantly different amounts of aid. For example, of the \$94 million in aid that agencies in Region 1 provided, \$55 million was to agencies in the same region. Twenty-three percent of this aid was provided by local agencies in the Los Angeles operational area to agencies in the Santa Barbara operational area. In contrast, only 2 percent of this aid amount was provided by the Santa Barbara operational area to the Los Angeles operational area. Appendix D offers further analyses of the operational areas within each region.

**Table 2**  
**Amount of Aid Provided to and Received by California's Six Mutual Aid Regions Between 2006 and 2010**

REGION PROVIDING AID	REGION RECEIVING AID						TOTAL AID*
	REGION 1	REGION 2	REGION 3	REGION 4	REGION 5	REGION 6	
Region 1	\$55,043,740	\$1,289,354	\$19,292,596	\$65,945	\$3,388,199	\$15,140,213	\$94,220,047
Region 2	27,269,443	29,997,979	27,696,179	1,493,329	5,282,466	15,574,533	107,313,929
Region 3	2,459,456	275,383	9,239,043	818,957	393,001	2,177,071	15,362,911
Region 4	13,275,378	8,723,938	14,237,426	4,938,211	3,596,967	7,735,542	52,507,462
Region 5	4,617,327	2,259,963	3,195,520	171,783	5,036,996	6,211,188	21,492,777
Region 6	18,687,554	4,315,418	6,907,661	564,467	7,406,219	29,790,504	67,671,823
<b>Totals</b>	<b>\$121,352,898</b>	<b>\$46,862,035</b>	<b>\$80,568,425</b>	<b>\$8,052,692</b>	<b>\$25,103,848</b>	<b>\$76,629,051</b>	<b>\$358,568,949</b>

Source: The Bureau of State Audits' (bureau) analysis of data obtained from the California Emergency Management Agency's Lotus Notes Invoicing System (invoicing system). Please refer to the Introduction's Scope and Methodology for the bureau's assessment of the invoicing system's data reliability.

■ = Aid provided from agencies within the region to agencies within the same region.

\* This analysis does not include \$29,309,365 related to unspecified regions or out of state.

Additionally, the amounts of aid provided to other regions and received from other regions varied significantly from year to year. Figure 4 shows the net amount of assistance each region received during each year of our audit period. Although these amounts varied considerably, Regions 1 and 3 consistently received more aid than they provided to other regions. Regions 2 and 4 consistently provided more aid than they received, and the balance of aid supplied and received varied from year to year in Regions 5 and 6.

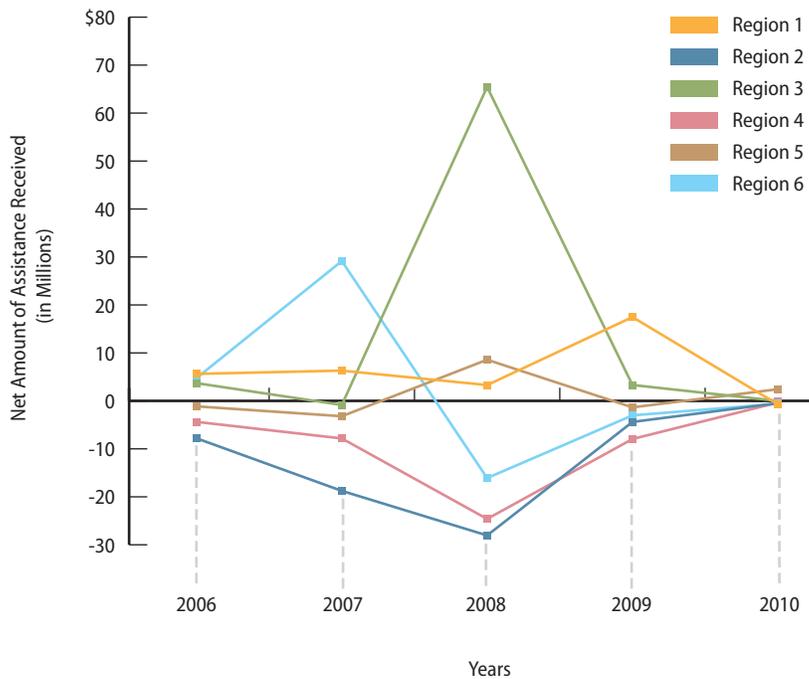
We asked Cal EMA for its perspective on our analysis of the aid provided and received by the six mutual aid regions. Cal EMA stated that since 2006 much of the contractual assistance has been

related to wildland fire emergencies on areas for which either the State or federal government has primary financial responsibility for preventing and suppressing fires. Cal EMA also stated that if there had been major floods or earthquakes during this period, our analysis would likely yield different results.

**Some Mutual Aid Regions Have More Resources Available Than Other Regions Do**

Cal EMA's data suggest that, because some of California's mutual aid regions have more firefighting resources than their counterparts do, these regions are better able to furnish emergency assistance if their resources are available. As Table 3 on page 30 shows, Regions 1, 2, and 6 contain most of the total number of fire personnel reported to Cal EMA. These regions are also among the regions that Table 2 indicates provide the most aid to other regions.

**Figure 4**  
**Net Amount of Assistance Received by Each Mutual Aid Region Between 2006 and 2010**



Source: Bureau of State Audits' (bureau) analysis of the data obtained from the California Emergency Management Agency's Lotus Notes Invoicing System (invoicing system). Please refer to the Introduction's Scope and Methodology for the bureau's assessment of the invoicing system's data reliability.

Note: A negative amount of aid indicates that a region provided more aid to other regions than it received.

However, Cal EMA's data also suggest that some regions that provide less aid may rely more heavily on volunteers than those that provide more aid. Specifically, based on our analysis of Cal EMA's invoicing system data, we determined that 30 percent of firefighting staff are volunteers. However, the percentage varies significantly from region to region. For example, in Region 1, only 12 percent of firefighting staff are volunteers; in Region 3, more than 67 percent of the staff are volunteers. As Table 2 indicates, Region 3 provides the least amount of aid to other regions.

### ***Variations in Personnel Costs Account for Some Differences in Aid Among Regions***

Part of the reason for variances in the cost of the aid provided by each region is that personnel reimbursements within each area differ. The \$359 million in aid shown in Table 2 includes \$253 million in personnel costs. As explained earlier in this report, local agencies base the average actual hourly rates submitted to Cal EMA on the amounts that they pay to their employees. Table 4 presents the five-year average of the hourly rates for the eight personnel classifications that Cal EMA includes in its annual salary surveys.

Table 4 indicates that Regions 1, 2, and 6 generally receive reimbursements for their personnel costs at higher average hourly rates than the other regions. Table 4 also indicates that Region 3 generally receives reimbursement at a considerably lower rate than most of the other regions.

**Table 3**  
**Firefighting Personnel Available in Each of California's Six Mutual Aid Regions as of June 2011**

REGION	POSITIONS				TOTAL PER REGION	NUMBER OF VOLUNTEERS INCLUDED IN TOTAL PER REGION
	CHIEF OFFICER	COMPANY OFFICER	APPARATUS OFFICER	FIREFIGHTER		
Region 1	726	2,930	3,043	8,056	14,755	1,800
Region 2	1,116	2,749	2,193	8,293	14,351	4,638
Region 3	523	643	535	3,695	5,396	3,634
Region 4	604	1,109	1,205	3,793	6,711	2,899
Region 5	249	709	952	2,791	4,701	1,845
Region 6	618	1,776	1,696	5,541	9,631	1,799
<b>Total Positions</b>	<b>3,836</b>	<b>9,916</b>	<b>9,624</b>	<b>32,169</b>	<b>55,545</b>	<b>16,615</b>

Source: The Bureau of State Audits' (bureau) analysis of data obtained from the California Emergency Management Agency's Lotus Notes Invoicing System (invoicing system). Please refer to the Introduction's Scope and Methodology for the bureau's assessment of the invoicing system's data reliability.

**Table 4**  
**Average Hourly Pay Rates for Firefighting Positions in Each Mutual Aid Region**  
**2006 to 2010**

REGION	POSITIONS							
	FIREFIGHTER	ENGINE OPERATOR	ENGINE OFFICER	BATTALION CHIEF	ASSISTANT CHIEF	DIVISION CHIEF	DEPUTY CHIEF	CHIEF
Region 1	\$41.35	\$47.43	\$55.94	\$75.31	\$70.93	\$81.90	\$77.64	\$47.11
Region 2	41.33	43.97	52.26	72.58	59.56	79.67	90.13	73.50
Region 3	25.44	28.48	33.27	46.42	50.11	56.21	33.52	39.97
Region 4	31.03	34.81	40.62	61.18	52.01	58.54	74.96	47.80
Region 5	27.49	33.37	39.38	55.30	51.09	52.54	45.31	51.58
Region 6	34.10	38.15	45.25	67.83	36.18	70.37	89.47	50.57

Source: The Bureau of State Audits' (bureau) analysis of data obtained from the California Emergency Management Agency's Lotus Notes Invoicing System (invoicing system). Please refer to the Introduction's Scope and Methodology for the bureau's assessment of the invoicing system's data reliability.

Note: To calculate the average hourly pay rates, we weighted the pay rates as reported on the individual transactions in the invoicing system by the total hours worked, within that classification.

***Local Emergency Response Agencies Have Not Evaluated the Cost of Mutual Aid or Its Impact on Their Budgets***

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. Moreover, the majority of these local fire agencies said that they absorb in their operating budgets the costs of responding to mutual aid requests. Similarly, the five local law enforcement agencies we interviewed stated that they have not evaluated the impact that fulfilling mutual aid requests has on their budgets.

Our review of some local fire agencies' agreements with other jurisdictions to provide mutual aid as part of their day-to-day operations showed that the agreements often do not require reimbursements for this aid. Figure 5 on page 33 depicts potential scenarios that could exist under a mutual aid agreement when one jurisdiction provides fire protection services to another jurisdiction.

Some of the 15 local fire agencies and the majority of the five local law enforcement agencies we interviewed stated that although their budgets have been reduced in the last five years, they do not believe that budget restrictions hinder their ability to respond to mutual aid requests. We reviewed the fiscal year 2005–06 through 2009–10 budgets for eight of the 15 local fire agencies we interviewed. Generally, the local fire agencies did not begin to experience budget reductions until fiscal year 2009–10. On average, the reductions were 1.5 percent of their total budgets.

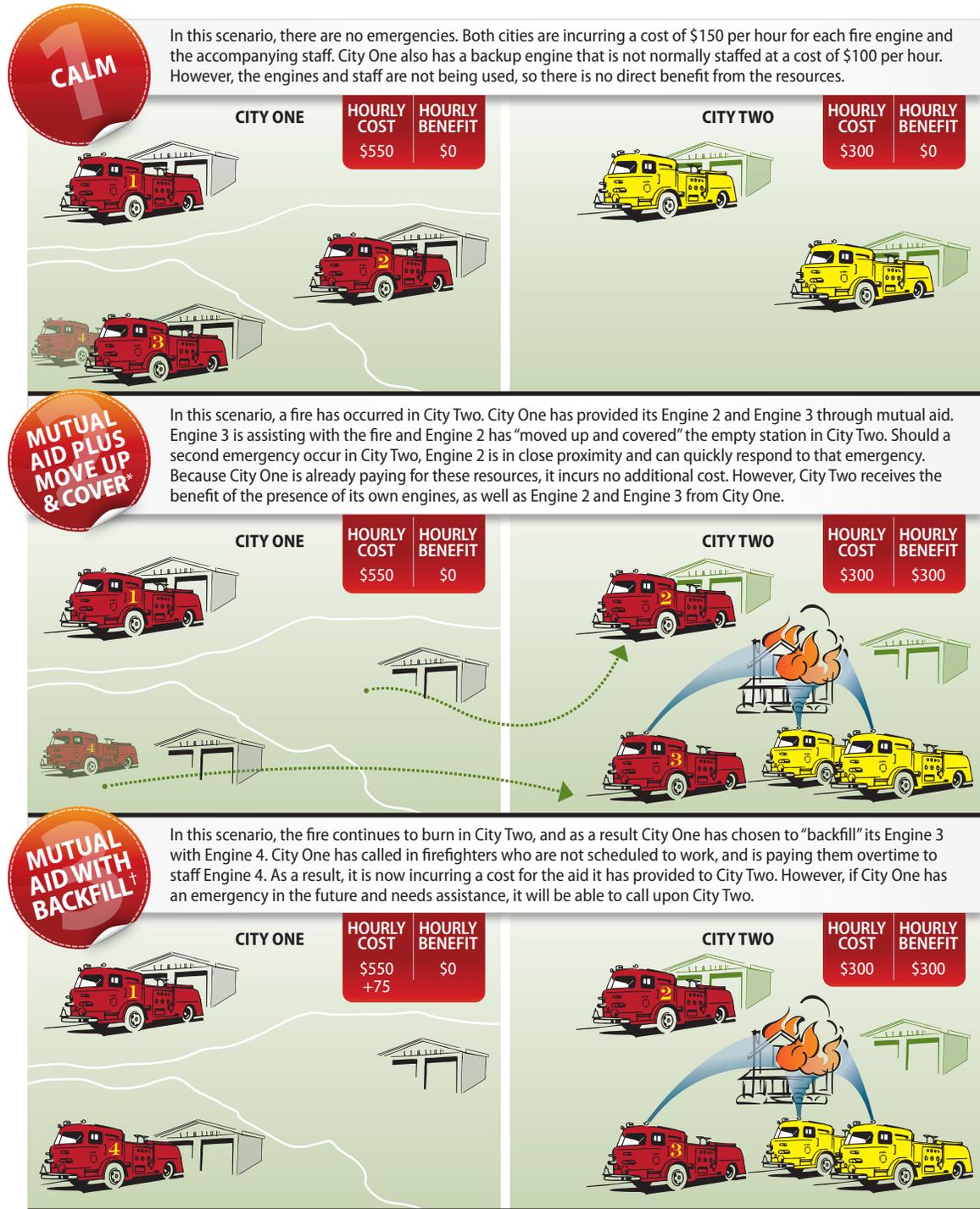
*The Riverside County Fire Department stated that fiscal year 2011–12 budget reductions will affect its ability to provide mutual aid because its system will have five fewer engines.*

Although they did not formally evaluate the impact, a few of the eight local fire agencies explained how budget reductions affected them. Specifically, the Novato Fire District stated that it has reduced the overtime that its staff work. In addition, the San Jose Fire Department said that it has been laying off firefighters and cutting vacant positions. Finally, the Woodside Fire Protection District stated that although it has not reduced its services, it has reduced the maintenance costs for its stations as well as certain benefits for its firefighters.

Finally, four of the 15 local fire agencies and one of the five local law enforcement agencies stated that they were projecting budget reductions for future years. However, only one local fire agency has evaluated the impact that the budget reductions will have on its ability to provide mutual aid. Specifically, the Riverside County Fire Department said that its fiscal year 2011–12 budget will have a \$9 million shortfall and it will be closing stations. The department also stated that the budget reductions will affect its ability to provide mutual aid because its system will have five fewer engines.<sup>10</sup>

<sup>10</sup> The county of Riverside contracts with CAL FIRE for its fire protection services. Therefore, the Riverside County Fire Department and the CAL FIRE Riverside Unit are integrated.

**Figure 5**  
**Cost-Benefit Scenarios for Local Agencies That Provide Aid to Local Agencies in Other Jurisdictions**



Sources: Bureau of State Audits’ interviews with local fire agencies, the California Master Cooperative Wildland and Fire Management and Stafford Act Response Agreement, and the Federal Emergency Management Agency’s Recovery Policy for Labor Costs—Emergency Work.

Note: Cost for each engine includes \$100 for the engine itself and \$50 for staff.

\* “Move up and cover” is limited to moving responding agency engine companies into requesting agency facilities that have been temporarily vacated because of emergency activity.

† “Backfill” occurs when a fire agency calls in replacement personnel to perform the regular duties of other personnel while they are performing emergency work.

### Recommendations

To make certain that emergency response agencies receive reimbursements on time, Cal EMA should establish procedures to ensure that paying entities do not delay reimbursements.

To ensure that it receives reimbursements on time, Cal EMA should:

- Identify ways to reduce the amount of time it takes to submit project worksheets to FEMA and to draw down funds.
- Establish procedures for submitting project worksheets to FEMA and drawing down funds that reflect the time-saving measures identified above.

To make certain that local agencies calculate correctly their average actual hourly rates, Cal EMA should:

- Audit a sample of invoices each year and include in the review an analysis of the accuracy of the local agencies' average actual hourly rates reported in the agencies' salary surveys.
- If Cal EMA determines that the local agencies' rates are incorrect, it should advise the agencies to recalculate the rates reported in their salary survey. Local agencies that fail to submit accurate average actual hourly rates should be subject to the base rates.
- If Cal EMA does not believe that it has the statutory authority and resources to audit the average actual hourly rates reported in the local agencies' salary surveys, it should either undertake the necessary steps to obtain both the authority and the necessary resources or obtain statutory authority to request that the State Controller's Office perform the audits.

If FEMA determines that the calculations and claims identified in the Office of Inspector General's audit report were erroneous, Cal EMA should do the following:

- Modify the time sheets to track the actual hours that the responding agency works as well as the dates and times that the agency committed to the incident and returned from the incident.
- Ensure that the replacement for its current invoicing system can calculate the maximum number of reimbursable personnel hours under both FEMA's policy and the CFAA.

If FEMA determines that the calculations and claims identified in the Office of Inspector General's audit report were erroneous, CAL FIRE should take these steps:

- Revise its method of claiming reimbursement for personnel hours to comply with FEMA's policy.
- Collaborate with Cal EMA to establish a system that calculates the maximum number of reimbursable personnel hours in accordance with both FEMA's policy and the CFAA.

We conducted this audit under the authority vested in the California State Auditor by Section 8543 et seq. of the California Government Code and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives specified in the scope section of the report. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,



ELAINE M. HOWLE, CPA  
State Auditor

Date: January 31, 2012

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## Appendix A

### CALIFORNIA'S SIX MUTUAL AID REGIONS

State law authorizes and empowers the governor to divide California into mutual aid regions for the more effective application, administration, and coordination of mutual aid and other emergency-related activities. Prior to January 1, 2012, the California Emergency Council (council) advised the governor in times of emergency. The council consisted of the following members or their designated alternates: the governor, lieutenant governor, attorney general, a representative of the city governments, a representative of the county governments, a representative of the American National Red Cross, a representative of the city or county fire services, a representative of the city or county law enforcement services, and a representative of a local public health agency. Further, the law required the president pro tempore of the Senate and the speaker of the Assembly to meet with and participate in the work of the council to the same extent as members, except when that participation is constitutionally incompatible with their respective positions as members of the Legislature. Effective January 1, 2012, state law eliminated the council and empowered the California Emergency Management Agency to serve as the State's disaster council for the purpose of the California Disaster and Civil Defense Master Mutual Aid Agreement.

State law defines *mutual aid region* as a subdivision of the state emergency services organization that is established to facilitate the coordination of mutual aid and other emergency operations within an area of California consisting of two or more county operational areas. State law also defines *operational area* as an intermediate level of the state emergency services organization that consists of a county and all political subdivisions within the county area. Figure A on the following page identifies California's six mutual aid regions.

**Figure A**  
California's Mutual Aid Regions for Emergency Management



Source: California Emergency Management Agency's 2003 participant reference manual for the Standardized Emergency Management System.

\* For purposes of law enforcement in the mutual aid system, Region 1 is divided into two sub regions.

## Appendix B

### THE BUREAU OF STATE AUDITS' METHODOLOGY FOR SELECTING EMERGENCIES AND DISASTERS THAT RECEIVED MUTUAL AID

The Joint Legislative Audit Committee (audit committee) directed the Bureau of State Audits (bureau) to select a sample of mutual aid regions within California and then to select a sample of emergencies or disasters within those regions for which mutual aid was used.<sup>11</sup> The audit committee specifically stated that the sample should include state and federally declared disasters as well as other emergencies. Further, the audit committee directed the bureau, to the extent feasible, to compare the sample results within each region and from region to region.

#### Federally Declared and State-Proclaimed Disasters

We obtained from the California Emergency Management Agency (Cal EMA) lists of federally declared disasters and state-proclaimed disasters, and we identified those disasters that occurred between January 1, 2006, and December 31, 2010.<sup>12</sup> Our analysis of the lists found that fires constituted the highest percentage of federally declared disasters, and floods made up the highest percentage of state-proclaimed disasters that were not also federally declared disasters. In addition, our analysis revealed that Regions 1, 6, 2, and 3 had the highest numbers of federally declared fire disasters and Regions 3, 6, 2, and 4 had the highest numbers of state-proclaimed flood disasters. To facilitate the regional comparisons requested by the audit committee, we selected Regions 2, 3, and 6. Appendix A includes a map depicting California's six mutual aid regions, and it defines operational area.

Cal EMA uses the California Fire Assistance Agreement reimbursement process to reimburse agencies that respond under the California Fire and Rescue Mutual Aid System, including federally declared fire disasters, as described in Figure 3 on page 11 of the Audit Results. Instead of using its federally declared disaster list to select specific fire disasters, we analyzed the aid that the six mutual aid regions provided and received, using data from

<sup>11</sup> State regulations define *mutual aid* as "the voluntary aid and assistance by the provision of services and facilities, including but not limited to fire, police, medical and health, communication, transportation, and utilities."

<sup>12</sup> We found that Cal EMA's list of federally declared disasters was complete for the purpose of selecting disasters. However, we discovered that Cal EMA's list of state-proclaimed disasters was incomplete for the purpose of selecting disasters. Nevertheless, we used Cal EMA's state-proclaimed disaster list to select disasters because no other source was available.

Cal EMA's Lotus Notes Invoicing System (invoicing system).<sup>13</sup> Specifically, we analyzed data for all emergency activity records processed through this system between 2006 and 2010. We present the results of this analysis in Table 2 on page 28 of the Audit Results and in Appendix D.

Using Cal EMA's list of state-proclaimed disasters, we identified floods that occurred in the mutual aid regions that we had selected. We then randomly selected three state-proclaimed flood disasters—one from each of the three regions selected. However, Cal EMA's damage survey reports for the selected floods did not indicate that any mutual aid had occurred.

### **Emergencies at the Local Level**

Because Cal EMA's lists did not include emergencies or disasters that had not risen to the federal or state level, we selected 12 local emergencies to review, and we determined the reimbursed and unreimbursed costs incurred by agencies that responded to these emergencies. We chose fires that occurred at the local level, because responding agencies generally do not receive reimbursements from other local agencies for mutual aid provided for their day-to-day operations. In addition, we selected law enforcement missions at the local level because none had reached the federal or state level.<sup>14</sup>

### ***Local Fire Emergencies***

To identify fires at the local level of the mutual aid system, we compiled data from the National Interagency Resource Ordering and Status System (ROSS) for all fires for which California agencies requested aid between January 2006 and December 2010.<sup>15</sup> We then identified 3,112 local fires and randomly selected 1,200. From that group, we chose two from within each of the three regions we had already selected for federally declared disasters and state-proclaimed disasters. Table B.1 presents the regions, operational areas, incident numbers, incident names, and dates for the selected local fires.

<sup>13</sup> For our data reliability assessment of the invoicing system, please refer to the Introduction's Scope and Methodology.

<sup>14</sup> A law enforcement mission is any incident in which law enforcement resources respond to a request for assistance, such as a request for search and rescue responders.

<sup>15</sup> The National Wildfire Coordination Group sponsored the development of ROSS, and the U.S. Department of Agriculture Forest Service is responsible for managing the system. ROSS was designed to provide the current status of resources available to support mobilization activities, to enable dispatch offices to exchange and track resource order information electronically, and to reliably exchange emergency electronic messages that are critical to response efforts. For our assessment of ROSS's data reliability, please refer to the Introduction's Scope and Methodology.

**Table B.1**  
**Selected Local Fire Incidents From January 2006 Through December 2010**

REGION	OPERATIONAL AREA	INCIDENT NUMBER	INCIDENT NAME	INCIDENT DATE
Region 2	Marin	CA-MRN-001322	Mission	June 27, 2007—June 28, 2007
Region 2	San Mateo	CA-XSM-000004	Seaport	April 7, 2007—April 8, 2007
Region 3	Butte	CA-BTCC-010354	Skyway	September 6, 2006
Region 3	Butte	CA-BUT-007027	70	June 25, 2006—June 27, 2006
Region 6	Imperial	CA-IMP-020771	Brandt	June 25, 2010—June 26, 2010
Region 6	Riverside	CA-RIV-00972	Riverbottom	January 14, 2010—January 15, 2010

Source: The National Interagency Resource Ordering and Status System (ROSS). Please refer to the Introduction's Scope and Methodology for the Bureau of State Audits' assessment of ROSS's data reliability.

***Emergencies Involving Law Enforcement***

Within each of the three regions that we had selected for federally declared disasters and state-proclaimed disasters, we selected an operational area. Cal EMA uses its Response Information Management System (RIMS) to track mutual aid requests for law enforcement.<sup>16</sup> We manually compiled for each operational area within the selected regions a list of mutual aid requests for law enforcement from RIMS. We then judgmentally selected from each operational area two mutual aid requests that occurred between January 1, 2006, and December 31, 2010. Table B.2 presents the region, operational area, mission number, mission type, and mission date for the selected mutual aid requests for law enforcement.

**Table B.2**  
**Selected Local Law Enforcement Missions From January 2006 Through December 2010**

REGION	OPERATIONAL AREA	MISSION NUMBER	MISSION TYPE	MISSION DATE
Region 2	San Francisco	2008-LAW-0092	Security operations assistance	March 18, 2008—March 20, 2008
Region 2	San Francisco	2006-LAW-0118	Search and rescue	April 4, 2006
Region 3	Tehama	2006-LAW-0474	Search and rescue	October 15, 2006
Region 3	Tehama	2008-LAW-0255	Location and disposal of explosive device	June 18, 2008
Region 6	Inyo	2009-LAW-0298	Search and rescue	September 3, 2009
Region 6	Inyo	2010-LAW-0227	Search and rescue	July 30, 2010

Source: The California Emergency Management Agency's Response Information Management System (RIMS). Please refer to the Introduction's Scope and Methodology for the Bureau of State Audits' assessment of RIMS' data reliability.

<sup>16</sup> For our assessment of RIMS' data reliability, please refer to the Introduction's Scope and Methodology.

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## Appendix C

### BENEFITS AND COSTS OF SELECTED RESOURCES PROVIDED FOR SELECTED EMERGENCIES

The Joint Legislative Audit Committee (audit committee) asked the Bureau of State Audits (bureau) to select a sample of mutual aid regions and, within those regions, to select a sample of emergencies or disasters for which the mutual aid system was used. State regulations define *mutual aid* as the voluntary aid and assistance by the provision of services and facilities, including but not limited to fire, police, medical and health, communication, transportation, and utilities. As Appendix B explains, we selected a number of emergencies for which local agencies received mutual aid.

The audit committee directed us to review and assess, using these selected emergencies, the process local jurisdictions have in place for funding and tracking costs and reimbursements related to providing services and resources that are needed in responding to mutual aid requests. Through our interviews with some of the local agencies listed in tables C.1 and C.2 on the following pages, we discovered that the agencies generally absorb the costs of providing mutual aid into their operating budgets. We also learned that the local agencies do not have specific accounts set aside in their budgets to identify these costs. Most of the local fire agencies we interviewed stated that they track the personnel costs for the mutual aid they provide either at the time of dispatch or once they learn that they will receive reimbursement. The local law enforcement agencies stated that they generally track the costs of aid they provide only if the emergency is large or if the agency expects to receive reimbursement. Finally, our interviews revealed that the majority of the local fire agencies either used special accounts and codes to track in their accounting systems the mutual aid reimbursements they received or deposited the reimbursements directly into their general funds. However, most of the local law enforcement agencies interviewed stated that they do not track the reimbursements they receive.

The audit committee also asked us to determine the costs incurred by each of the local agencies that responded to our selected emergencies—both reimbursed and unreimbursed costs. We selected fires that occurred at the local level because responding agencies generally do not receive reimbursement from other local agencies for mutual aid they provide for their day-to-day operations. In addition, we selected law enforcement missions because there were none that reached the federal or state level. To determine the reimbursed and unreimbursed costs incurred by each of the local agencies that responded to the fire emergencies that we selected, we first used the National Interagency Resource Ordering and Status System, incident reports, and dispatch logs to compile

a list of the resources provided during the emergencies. We then selected 10 percent of the resources for each fire emergency and contacted the local agencies to obtain information on the costs of the resources, which included personnel and equipment costs. Table C.1 shows the costs associated with the local fire emergencies that we selected. The agencies responding to the emergencies we selected had estimated costs related to the resources they provided totaling roughly \$45,000. The responding agencies did not receive reimbursements for any of these costs.

Table C.2 shows the costs associated with the selected local emergencies that involved law enforcement. The agencies responding to the emergencies we selected had estimated costs totaling roughly \$19,200. The responding agencies did not receive reimbursements for any of these costs.

**Table C.1**  
Local Agencies' Use of Resources and Their Cost for Selected Fire Emergencies

NAME	REQUESTING AGENCY			RESPONDING AGENCY							TOTAL FOR INCIDENT	
	INCIDENT NUMBER	INCIDENT DATE	AGENCY NAME	REGION	ASSISTING AGENCY	LOCAL/ STATE	REGION	RESOURCE TYPE	EQUIPMENT COST*	EMPLOYEE COST		SUBTOTAL
Mission	CA-MRN-001322	6/27/2007	Marin County Fire Department	Region 2	Kentfield Fire Protection District	Local	Region 2	Engine-T1	\$404.05	\$793.18	\$1,197.23	\$24,757.67
					California Department of Forestry and Fire Protection (CAL FIRE)—Lake Napa-Sonoma	State	Region 2	Helicopter-T2	19,967.39†	1,734.39	21,701.78	
					CAL FIRE—Siskiyou Unit	State	Region 3	Crew-T1	206.50	640.31‡	846.81	
					CAL FIRE—Siskiyou Unit	State	Region 3	Crew-T1	206.50	505.51‡	712.01	
					CAL FIRE—Mendocino Unit	State	Region 2	Crew boss	—	274.53	274.53	
					Novato Fire Protection District	Local	Region 2	Engine-T1	—\$	19.02	19.02	
Novato Fire Protection District	Local	Region 2	Paramedic unit	—\$	6.29	6.29						
Seaport	CA-XSM-000004	4/7/2007	Redwood City Fire Department	Region 2	Menlo Park Fire Protection District	Local	Region 2	SUV	32.01	100.35	132.36	2,193.37
					Woodside Fire Protection District	Local	Region 2	Engine-T1	258.97	484.10	743.07	
					San Francisco Fire Department	Local	Region 2	Aircraft rescue firefighting	363.30	385.04	748.34	
					San Jose Fire Department	Local	Region 2	Foam unit	210.23	219.12	429.35	
					Peninsula Fire Buff Club	Local	Region 2	Private vehicle	140.25	—	140.25	
Skyway	CA-BTCC-010354	9/6/2006	Butte County Fire Department	Region 3	CAL FIRE—Tehema-Glenn Unit	State	Region 3	Crew-T1	73.75	200.71	274.46	274.46
70	CA-BUT-007027	6/25/2006	Butte County Fire Department	Region 3	CAL FIRE—Butte Unit	State	Region 3	Engine-T3	607.67	339.84	\$947.51	1,681.32
					CAL FIRE—Tehema-Glenn Unit	State	Region 3	Dozer-T2	136.67	73.61	210.28	
					Gridley Fire Department	Local	Region 3	Engine-T2	204.80	147.67	352.47	
					El Medio Fire Protection District	Local	Region 3	Engine-2	171.06	—**	171.06	

continued on next page...

REQUESTING AGENCY				RESPONDING AGENCY							TOTAL FOR INCIDENT	
NAME	INCIDENT NUMBER	INCIDENT DATE	AGENCY NAME	REGION	ASSISTING AGENCY	LOCAL/ STATE	REGION	RESOURCE TYPE	EQUIPMENT COST*	EMPLOYEE COST	SUBTOTAL	TOTAL FOR INCIDENT
Brandt	CA-IMP-020771	6/25/2010	Imperial County Fire Department	Region 6	San Diego Fire—Rescue Department	Local	Region 6	Engine-T3	\$1,243.44	\$2,460.47	\$3,703.91	\$9,898.26
					Riverside Fire Department	Local	Region 6	Engine-T3	1,053.75	2,591.40	3,645.15	
					CAL FIRE—Monte Vista Unit	State	Region 6	Dozer-T2	456.75	217.45	674.20	
					Westmorland Fire Department	Local	Region 6	Engine-T1	1,875.00	-	1,875.00	
Riverbottom	CA-RIV-000972	1/14/2010	Imperial County Fire Department	Region 6	CAL FIRE—Riverside Unit	State	Region 6	Crew-C1	278.20	647.35	925.55	6,225.32
					CAL FIRE—Riverside Unit	State	Region 6	Crew-C1	21.40	-	21.40	
					Riverside County Fire Department	Local	Region 6	Engine-T1	1,760.67	951.12	2,711.79	
					CAL FIRE—Riverside Unit	State	Region 6	Engine-T3	460.00	235.39	695.39	
					Corona Fire Department	Local	Region 6	Engine-T3	439.48	1,431.71	1,871.19	
<b>Total</b>											<b>\$45,030.40</b>	

Sources: Information for the requesting and responding agencies was obtained from the National Interagency Resource Ordering and Status System reports. Employee costs for the responding agencies were obtained from the local agencies and include time sheets, payroll information, fringe-benefit information, accounting records, incident reports, and personnel records.

Note: Local agencies indicated that they generally did not call in replacement personnel to perform the regular duties of the personnel performing emergency work. Because local agencies were already paying many of their personnel to be on duty, the local agencies supplying aid had similar costs whether or not they provided the aid.

\* When we asked local agencies how they tracked costs, some indicated that they used the California Emergency Management Agency rates, which are based on the number of gallons per minute the equipment can pump. However, in the resource request information we reviewed, the resources were requested by "type", which is based on a number of criteria. We used the Federal Emergency Management Agency's 2005 and 2008 Schedule of Equipment Rates to estimate the value of the resources provided because they are based on the same classification of resource type.

† The agency provided the California Department of Forestry and Fire Protection's rates.

‡ The agency indicated that it called in replacement personnel. As a result, these dollars represent an actual cost to the agency for providing mutual aid.

§ The agency stated the equipment was provided as "move up and cover" resources, which is described at Figure 5 of the Audit Results. As a result, we could not calculate the equipment costs for the selected resources.

|| The agency indicated that it uses volunteers. Therefore, we could not obtain employee costs.

\*\* The agency did not provide the requested employee cost information even after we made repeated requests.

**Table C.2**  
**Local Agencies' Use of Resources and Their Cost for Selected Emergencies Involving Law Enforcement**

REQUESTING AGENCY				RESPONDING AGENCY						
MISSION NUMBER	CAL EMA MISSION DATE	AGENCY NAME	REGION	LOCAL OR STATE RESOURCE	AGENCY NAME	REGION	RESOURCE TYPE	EQUIPMENT COST	EMPLOYEE COST	SUBTOTAL
2008-LAW-0092	3/18/2008– 3/20/2008	Northern California Regional Intelligence Center	Region 2	State	California Emergency Management Agency (Cal EMA) Telecommunications Division	Region 4	Telecommunications equipment	\$127.10	–	\$127.10
2006-LAW-0118	4/4/2006	San Francisco Police Department	Region 2	Local	California Rescue Dog Association	Region 2	Dispatch dog team	–	\$125.00*	125.00
2006-LAW-0474	10/15/2006	Tehama County Sheriff's Office	Region 3	State	California Highway Patrol (CHP)	Region 3	Aircraft	716.97	301.52	1,018.49
2008-LAW-0255	6/18/2008	U.S. Department of Agriculture Forest Service, Mendocino National Forest	Region 3	Local	Butte County Sheriff's Office	Region 3	Bomb squad truck	NA	–	–
				Local	California State University, Chico	Region 3	Officer	–	143.42	143.42
				Local	Chico Police Department	Region 3	Officer	–	176.54	176.54
2009-LAW-0298	9/3/2009	Inyo County Sheriff's Office	Region 6	Local	Mono County Sheriff's Office	Region 6	Volunteer search and rescue (SAR) team	125.70	5,102.40*	5,228.10
				State	CHP	Region 6	Aircraft	4,791.76	4,562.69	9,354.45
				Local	Kern County's China Lake Mountain Rescue Group (CLMRG)	Region 6	Volunteer SAR team	133.10	1,459.50*	1,592.60
2010-LAW-0227	7/30/2010	Inyo County Sheriff's Office	Region 6	Local	CLMRG	Region 6	Volunteer SAR team	95.00	1,313.55*	1,408.55
<b>Totals</b>								<b>\$5,989.63</b>	<b>\$13,184.62</b>	<b>\$19,174.24</b>

Sources: We obtained information for the requesting agency from the California Emergency Management Agency's Response Information Management System, and we acquired information for the responding agency from various sources, such as local and state agencies' dispatch logs, incident reports, accounting records, and salary schedules.

NA = The Butte County Sheriff's Office stated that it did not have the time or resources to calculate the cost.

\* These values are estimated values provided by a local nonprofit entity or search and rescue volunteer groups.

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## Appendix D

### EMERGENCY ASSISTANCE PROVIDED AND RECEIVED BY OPERATIONAL AREAS

Each of California's six mutual aid regions is made up of operational areas that generally correspond to the State's 58 counties. According to information obtained from the Lotus Notes Invoicing System (invoicing system) of the California Emergency Management Agency (Cal EMA), agencies were reimbursed \$386.5 million for aid provided between 2006 and 2010.<sup>17</sup> More than one-third of this aid was provided by agencies within the same region. To provide a better understanding of the flow of aid within the various regions, we calculated the amount of aid provided and received by each operational area within a region, using the information on which Table 2 on page 28 in the Audit Results is based.

As shown in Table D on the following pages, the various operational areas provided and received significantly different amounts of aid. For example, in Region 6, local agencies in the San Bernardino operational area provided \$9.7 million in aid. Of this amount, \$7.5 million went to local agencies within the San Bernardino operational area. The remaining \$2.2 million went to agencies in Inyo, Riverside, and San Diego as well as to agencies in Region 6 that did not have an operational area specified in the data we received.

<sup>17</sup> Cal EMA stated that the information in its invoicing system represents for the most part contractual mutual assistance under the California Fire Assistance Agreement or other specific agreements and not mutual aid under the California Disaster and Civil Defense Master Mutual Aid Agreement. Please see the Introduction's Scope and Methodology for our assessment of the reliability of the data we obtained from this system.

**Table D**  
Aid Provided and Received by Operational Areas Within California's Six Mutual Aid Regions Between 2006 and 2010**REGION 1**

OPERATIONAL AREA	RECIPIENT OPERATIONAL AREA						TOTAL
	NOT SPECIFIED	LOS ANGELES	ORANGE	SANTA BARBARA	SAN LUIS OBISPO	VENTURA	
Los Angeles	–	\$9,884,350	\$6,450,921	\$12,858,461	–	\$2,527,232	\$31,720,964
Orange	–	1,988,500	3,997,325	3,045,238	–	792,530	9,823,593
San Luis Obispo	–	741,876	–	1,988,728	\$31,620	162,465	2,924,689
Santa Barbara	–	1,312,231	433,839	4,249,790	78,289	200,296	6,274,445
Ventura	–	1,632,850	376,294	2,123,540	–	167,365	4,300,049
<b>Totals</b>	–	<b>\$15,559,807</b>	<b>\$11,258,379</b>	<b>\$24,265,757</b>	<b>\$109,909</b>	<b>\$3,849,888</b>	<b>\$55,043,740</b>

**REGION 2**

OPERATIONAL AREA	RECIPIENT OPERATIONAL AREA								TOTAL
	NOT SPECIFIED	SANTA CRUZ	HUMBOLDT	LAKE	MENDOCINO	MARIN	MONTEREY	SANTA CLARA	
Not specified	–	\$34,617	–	–	–	–	–	–	\$34,617
Alameda	\$108,083	1,741,577	\$904,895	\$140,321	\$369,717	\$2,453	\$872,262	\$1,792,310	5,931,618
Contra Costa	8,769	479,912	208,353	235,188	94,885	–	39,453	774,340	1,840,900
Del Norte	–	–	11,006	–	–	–	–	–	11,006
Humboldt	–	12,212	126,320	–	–	–	–	12,379	150,911
Lake	–	–	181,855	3,066	185,469	–	–	180,830	551,220
Marin	157,188	836,520	539,880	93,463	104,640	120,991	105,179	1,079,527	3,037,388
Mendocino	–	107,310	104,357	–	38,197	–	–	223,793	473,657
Monterey	–	953,335	12,867	104,917	337,359	–	523,660	802,516	2,734,654
Napa	–	176,188	279,634	111,719	278,721	–	–	394,809	1,241,071
San Benito	–	49,843	–	–	–	–	13,517	26,966	90,326
Santa Clara	31,604	1,317,224	88,135	39,698	174,364	–	138,194	1,479,167	3,268,386
San Francisco	60,783	178,843	–	31,531	–	–	–	249,990	521,147
San Mateo	388,476	884,651	885,249	8,864	154,247	–	126,247	620,260	3,067,994
Santa Cruz	15,457	1,100,719	–	35,627	18,851	–	235,879	850,923	2,257,456
Solano	8,529	522,873	595,596	379,709	149,150	–	5,526	612,127	2,273,510
Sonoma	28,289	664,688	687,160	291,089	402,413	–	35,550	402,929	2,512,118
<b>Totals</b>	<b>\$807,178</b>	<b>\$9,060,512</b>	<b>\$4,625,307</b>	<b>\$1,475,192</b>	<b>\$2,308,013</b>	<b>\$123,444</b>	<b>\$2,095,467</b>	<b>\$9,502,866</b>	<b>\$29,997,979</b>

### REGION 3

OPERATIONAL AREA	RECIPIENT OPERATIONAL AREA									TOTAL
	NOT SPECIFIED	BUTTE	GLENN	LASSEN	MODOC	PLUMAS	SHASTA	SISKIYOU	TEHAMA	
Butte	\$4,027	\$1,195,398	\$48,564	\$160,941	\$14,160	\$329,938	\$184,706	\$41,728	–	\$1,979,462
Colusa	–	385,684	–	71,142	–	27,671	150,733	–	\$166,962	802,192
Glenn	–	185,876	35,654	51,785	–	244,168	450,963	53,420	219,341	1,241,207
Lassen	–	86,375	–	–	–	27,831	161,740	–	–	275,946
Modoc	–	29,159	–	8,410	–	–	–	–	–	37,569
Plumas	–	363,820	–	56,186	–	145,613	168,686	–	–	734,305
Shasta	–	223,382	–	163,584	5,021	253,181	625,189	88,375	–	1,358,732
Siskiyou	–	204,943	–	66,720	–	173,709	230,075	151,760	–	827,207
Sutter	–	164,537	–	18,790	12,929	108,324	280,205	21,443	–	606,228
Tehama	–	139,770	–	50,477	–	–	437,717	–	–	627,964
Trinity	–	7,890	–	4,946	–	–	276,866	–	–	289,702
Yuba	–	214,943	–	11,323	–	77,292	135,473	–	19,498	458,529
<b>Totals</b>	<b>\$4,027</b>	<b>\$3,201,777</b>	<b>\$84,218</b>	<b>\$664,304</b>	<b>\$32,110</b>	<b>\$1,387,727</b>	<b>\$3,102,353</b>	<b>\$356,726</b>	<b>\$405,801</b>	<b>\$9,239,043</b>

### REGION 4

OPERATIONAL AREA	RECIPIENT OPERATIONAL AREA						TOTAL
	NOT SPECIFIED	CALAVERAS	EL DORADO	NEVADA	SACRAMENTO	TAHOE BASIN AREA	
Amador	\$3,214	–	–	–	–	\$49,162	\$52,376
Alpine	–	–	–	–	–	4,802	4,802
Calaveras	–	\$3,822	–	–	\$3,953	–	7,775
El Dorado	31,378	–	–	\$332,001	–	238,969	602,348
Nevada	–	–	–	796,260	–	125,906	922,166
Placer	98,942	–	–	676,580	–	104,929	880,451
Sacramento	108,675	–	–	476,738	–	286,811	872,224
San Joaquin	32,999	66,386	\$2,775	85,144	–	198,721	386,025
Stanislaus	36,325	121,827	–	19,346	–	154,404	331,902
Tahoe Basin*	1,415	–	–	114,999	–	370,503	486,917
Tuolumne	4,627	35,165	–	–	–	–	39,792
Yolo	–	–	–	187,523	–	163,910	351,433
<b>Totals</b>	<b>\$317,575</b>	<b>\$227,200</b>	<b>\$2,775</b>	<b>\$2,688,591</b>	<b>\$3,953</b>	<b>\$1,698,117</b>	<b>\$4,938,211</b>

## REGION 5

OPERATIONAL AREA	RECIPIENT OPERATIONAL AREA					TOTAL
	NOT SPECIFIED	KERN	MADERA	MARIPOSA	TULARE	
Fresno	\$135,706	\$11,621	\$294,080	\$56,944	\$186,933	\$685,284
Kern	19,134	186,190	442,777	74,967	1,362,417	2,085,485
Kings	69,317	11,006	198,047	–	120,265	398,635
Madera	2,464	–	695	68,360	4,741	76,260
Mariposa	–	5,274	307,213	71,148	–	383,635
Merced	26,391	–	189,042	157,857	31,353	404,643
Tulare	21,646	7,467	358,548	50,437	564,956	1,003,054
<b>Totals</b>	<b>\$274,658</b>	<b>\$221,558</b>	<b>\$1,790,402</b>	<b>\$479,713</b>	<b>\$2,270,665</b>	<b>\$5,036,996</b>

## REGION 6

OPERATIONAL AREA	RECIPIENT OPERATIONAL AREA					TOTAL
	NOT SPECIFIED	SAN BERNARDINO	INYO	RIVERSIDE	SAN DIEGO	
Imperial	\$171,371	\$203,575	\$27,943	\$72,750	\$377,371	\$853,010
Inyo	15,131	25,416	–	2,854	–	43,401
Mono	58,051	54,206	55,522	5,957	14,190	187,926
Riverside	806,549	1,793,144	133,986	1,155,990	1,074,755	4,964,424
San Bernardino	940,443	7,546,088	174,531	496,242	547,882	9,705,186
San Diego	1,360,166	1,589,668	219,880	560,997	10,305,846	14,036,557
<b>Totals</b>	<b>\$3,351,711</b>	<b>\$11,212,097</b>	<b>\$611,862</b>	<b>\$2,294,790</b>	<b>\$12,320,044</b>	<b>\$29,790,504</b>

Source: The Bureau of State Audits' (bureau) analysis of data obtained from the California Emergency Management Agency's Lotus Notes Invoicing System (invoicing system). Please refer to the Introduction's Scope and Methodology for the bureau's assessment of the invoicing system's data reliability.

■ = Aid provided from local agencies within the operational area to other agencies within the same operational area.

\* The Tahoe Basin operational area includes parts of three counties in California and three counties in the state of Nevada. This operational area does not appear in the map Appendix A depicts.

(Agency comments provided as text only.)

January 9, 2012

California Emergency Management Agency  
3650 Schriever Avenue  
Mather, CA 95655

Elaine M. Howle, CPA  
State Auditor  
Bureau of State Audits  
555 Capitol Mall, Suite 300  
Sacramento, CA 95814

Dear Ms. Howle:

The California Emergency Management Agency (Cal EMA) has received and reviewed the Bureau of State Audits (BSA) draft report on California's Mutual Aid System, titled *The California Emergency Management Agency Should Administer the Reimbursement Process More Effectively*. Cal EMA would like to thank you for the opportunity to provide the BSA with our responses to your recommendations, as we continue to strive for improvements and excellence towards administering reimbursements for California's mutual aid system. Our responses to the recommendations are as follows:

**Recommendations #1 & #2**

To make certain that emergency response agencies receive reimbursements on time, Cal EMA should establish procedures to ensure that paying entities do not delay reimbursements.

To ensure that it receives reimbursements on time, Cal EMA should:

1. Identify ways to reduce the amount of time it takes to submit project worksheets to FEMA and to drawdown funds.
2. Establish procedures to reflect the steps it will take to reduce the amount of time it takes to submit project worksheets to FEMA and to drawdown funds.

**Cal EMA Response to #1 & #2**

In the interest of maintaining a good relationship between Cal EMA and its mutual aid responders, the Cal EMA Public Assistance (PA) Section has always made mutual aid project worksheets (PWs) processing a top priority. Mutual aid packages received are processed timely upon receipt from Cal EMA Fire and Rescue. Public Assistance staff also work with Cal EMA Grants Processing to ensure timely and accurate payments to responders.

Elaine M. Howle, CPA  
January 9, 2012  
Page 2

To ensure continued prioritization of these PWs, PA staff will work towards the incorporation of language into the Fire Management Assistance Grant (FMAG) Standard Operating Procedures (SOPs) memorializing this process and to reflect steps to expedite the processing of the mutual aid project worksheets.

The audit focused on mutual aid and Cal EMA engine reimbursement with sampling of project worksheets from both FMAG declarations, presidentially declared Major Disasters (DRs) and Emergency Disaster (EMs). It should be noted that consistent with the FMAG program, Cal EMA administers the entire process from start to finish and has full control. Conversely, under the DRs and EMs, disaster processing is a joint effort between the Federal Emergency Management Agency (FEMA) and Cal EMA staff. As such, project worksheets could be prepared by either FEMA or Cal EMA staff dependent upon specific assignments set forth by the State and Federal Public Assistance Officers. Should FEMA staff be assigned the task of preparing the mutual aid or Cal EMA engine project worksheet, Cal EMA would have no control over timelines.

Another situation which ultimately may delay the process could be a deficiency in Federal disaster funding at time of PW preparation requiring FEMA to request additional appropriations from Congress which could result in a considerable delay in PW obligation. It should also be noted that occasionally project worksheets may be held in suspense by FEMA, unobligated, awaiting the individual or cumulative FMAG fire-cost thresholds to be met and confirmed. This sometimes is the case especially if cost apportionment issues arise requiring various jurisdictions to reach an equitable settlement on cost-sharing for the event.

The above referenced examples clearly demonstrate extenuating circumstances beyond the control of Cal EMA that may create delays in the processing and payment of reimbursements. Moreover, please be advised that it is the intent of the Public Assistance Section to work closely with our Cal EMA counterparts to develop and/or enhance procedures and processes that may assist in expediting mutual aid and engine reimbursement.

Lastly, Cal EMA Fire and Rescue Division is currently in the first phase of developing a new Mutual Aid Reimbursement Program (MARS), which focuses largely on migrating from a Lotus Notes application to a web-based application. This system will produce a stable platform and build in appropriate business rules to more effectively administer the California Fire Assistance Agreement (CFAA) terms and conditions resulting in reduced timelines. The first phase of this new program will eliminate many workarounds and limitations the current system presents. The target date of completion for this first phase is May 2012.

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January 9, 2012  
Page 3

**Recommendations #3, #4, & #5**

To make certain that local agencies calculate correctly their average actual hourly rates, Cal EMA should take these actions:

3. Audit a sample of invoices each year and include in the review an analysis of the accuracy of the local agencies' average actual hourly rates reported in the agencies' salary surveys.
4. If Cal EMA determines that the local agencies' rates are incorrect, it should advise the agencies to recalculate the rates reported in their salary survey. Local agencies that fail to submit accurate average actual hourly rates should be subject to the base rates.
5. If Cal EMA does not believe that it has the statutory authority and resources to audit the average actual hourly rates reported in the local agencies' salary surveys, it should either undertake the necessary steps to obtain both the authority and the necessary resources or obtain statutory authority to request that the State Controller's Office perform the audits.

**Cal EMA Response to #3, #4, & #5**

We appreciate the information provided by BSA regarding the inaccuracies found in some invoices submitted by local agencies. We will be evaluating options, along with our partner agencies, to ensure accuracy and accountability for the financial information submitted. This may include better defined invoicing instructions, enhanced training of the partner agencies, and revisions to statutes if found necessary to ensure financial integrity.

**Recommendations #6 & #7**

If FEMA determines the calculations and claims identified in the Office of Inspector General's audit report were erroneous, Cal EMA should do the following:

6. Modify the time sheets to track the actual hours that the responding agency works as well as the dates and times that the agency committed to the incident and returned from the incident.
7. Ensure that the replacement for its current invoicing system can calculate the maximum number of reimbursable personnel hours under both FEMA's policy and the CFAA.

Elaine M. Howle, CPA  
January 9, 2012  
Page 4

**Cal EMA Response to #6 & #7**

If FEMA determines the calculations and claims identified in the Office of Inspector General's audit report were erroneous, Cal EMA will work with the California Department of Forestry and Fire Protection (Cal Fire) and any other affected responders to modify the necessary documents and invoicing system to correct the calculations.

On behalf of Cal EMA, we appreciate your time, assistance and guidance offered, and for granting us the opportunity to continuously improve our practices. If you have additional questions or concerns, please feel free to contact my Audit Chief, Anne Marie Nielsen at (916) 845-8437 or at [Anne.Marie.Nielsen@calema.ca.gov](mailto:Anne.Marie.Nielsen@calema.ca.gov).

Sincerely,

*(Signed by: Mike Dayton)*

MIKE DAYTON  
Acting Secretary

*(Agency comments provided as text only.)*

January 17, 2012

California Department of Forestry and Fire Protection  
P.O. Box 944246  
Sacramento, CA 94244-2460

Elaine M. Howle\*  
State Auditor  
California Bureau of State Audits  
555 Capitol Mall, Suite 300  
Sacramento, California 95814

Attn: Tanya Elkins

Dear Ms. Howle,

The California Department of Forestry and Fire Protection (CAL FIRE) has received your draft audit report, California's Mutual Aid System: The California Emergency Management Agency Should Administer the Reimbursement Process More Effectively. After reviewing the report, we offer the following response.

In the audit report, your staff cited a federal finding that CAL FIRE is not in compliance with the Federal Emergency Management Agency's (FEMA) disaster reimbursement criteria due to CAL FIRE's labor billing practices on the 2007 San Diego Fire Complex (DR-1731).

This finding initially appeared in the U. S. Department of Homeland Security's Office of the Inspector General's (DHS-OIG) audit, DS-11-06, which stated that CAL FIRE billed for its resources and the resources of its cooperators for 24-hour work periods after the first 48 hours of an incident.

According to FEMA Recovery Policy 9525.7 (H), firefighting resources are reimbursable after the first 48 hours of their assignment for a maximum of 16 hours per day. This FEMA policy needs clarification within existing federal law. Further, enforcing the 16-hour rule on California conflicts with related provisions in the same Recovery Policy since California's firefighting labor policies and bargaining unit agreements were approved by the California Legislature prior to November 16, 2006, the date of the Recovery Policy issuance. This point was raised in your staff's draft narrative, but only in relation to local government services. ①

The 16-hour requirement may not apply to CAL FIRE's billings, since Recovery Policy 9525.7 (C) states "straight-time and overtime will be determined in accordance with the applicant's pre-disaster policies, which should be applied consistently in both disaster and non-disaster situations." In addition, Recovery Policy 9525.7 (H) may be in conflict with federal law under the Fair Labor Standards Act, Section 7(k), which generally requires CAL FIRE to pay firefighting personnel responding to emergencies on a work period basis versus actual hours for up to 28 days consecutively (see attachment).

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\* California State Auditor's comments appear on page 61.

BSA Mutual Aid Audit  
January 17, 2012  
Page Two

- ② To date, FEMA has not promulgated a final determination on the DHS-OIG recommendations, nor has the agency denied or amended CAL FIRE's related DR-1731 reimbursement package due to this issue. It is also important to note that during this federal agency review, CAL FIRE in good faith returned approximately \$32.2 million to FEMA through the California Emergency Management Agency (CAL EMA), pending CAL FIRE's position that our billing package was correct. Those funds have since been re-issued to CAL FIRE and the State of California in full.
- ③ We believe it is premature to characterize any related CAL FIRE billings as "incorrect" or "erroneous" at this time, and CAL FIRE respectfully disagrees with the BSA's draft narrative conclusions as written, pending a final decision by FEMA.

Regarding your first recommendation that "CAL FIRE should revise its method of claiming reimbursement for personnel hours to remain in compliance with FEMA's policy," CAL FIRE agrees to make any necessary changes to its billing practices if they should be required by FEMA's final determination in coordination with CAL EMA, our state coordinating agency to FEMA. Such changes will be made as soon as possible within existing, available resources to do so, considering the State's current and significant fiscal constraints.

Regarding your second recommendation to "Collaborate with Cal EMA to establish a system that calculates the maximum number of reimbursable personnel hours in accordance with both FEMA's policy and the CFAA," CAL FIRE will continue our coordination with CAL EMA and our federal mutual aid partners to ensure as much consistency as possible between the California Fire Assistance Agreement (CFAA) system and the FEMA Disaster Assistance program. It is important to keep in mind, however, that the CFAA is a service-for-hire design, while the FEMA program is a federal grant system, and, as such, each falls under separate accounting rules.

Thank you for the opportunity to review and respond to this audit report. If you have any questions or need clarification on any portion of our response, please contact Tony Favro, Chief of CAL FIRE's Office of Program Accountability. Tony can be reached at (916) 327-3989 or via email at [tony.favro@fire.ca.gov](mailto:tony.favro@fire.ca.gov).

Sincerely,

*(Signed by: Ken Pimlott)*

KEN PIMLOTT  
Director

Attachment

cc: John Laird, Secretary, California Natural Resources Agency  
Kim Zagaris, Chief, Fire Program, California Emergency Management Agency  
Andy McMurry, Deputy Director, Fire Protection  
Janet Barentson, Deputy Director, Management Services  
Tony Favro, Chief, Office of Program Accountability  
Tom Lutzenberger, Assistant Deputy Director, Management Services

Attachment from the California Department of Forestry and Fire Protection:

**U.S. Department of Labor**  
Wage and Hour Division



**Fact Sheet #8: Law Enforcement and Fire Protection Employees Under the Fair Labor Standards Act (FLSA)**

This fact sheet provides general information concerning the application of the FLSA to law enforcement and fire protection personnel of State and local governments.

**Characteristics**

Fire protection personnel include firefighters, paramedics, emergency medical technicians, rescue workers, ambulance personnel, or hazardous materials workers who:

1. are trained in fire suppression;
2. have the legal authority and responsibility to engage in fire suppression;
3. are employed by a fire department of a municipality, county, fire district, or State; and
4. are engaged in the prevention, control and extinguishment of fires or response to emergency situations where life, property, or the environment is at risk.

There is no limit on the amount of nonexempt work that an employee employed in fire protection activities may perform. So long as the employee meets the criteria above, he or she is an employee “employed in fire protection activities” as defined in section 3(y) of the FLSA.

Law enforcement personnel are employees who are empowered by State or local ordinance to enforce laws designed to maintain peace and order, protect life and property, and to prevent and detect crimes; who have the power to arrest; and who have undergone training in law enforcement.

Employees engaged in law enforcement activities may perform some nonexempt work which is not performed as an incident to or in conjunction with their law enforcement activities. However, a person who spends more than 20 percent of the workweek or applicable work period in nonexempt activities is not considered to be an employee engaged in law enforcement activities under the FLSA.

**Coverage**

Section 3(s)(1)(C) of the FLSA covers all public agency employees of a State, a political subdivision of a State, or an interstate government agency.

**Requirements**

Hours of work generally include all of the time an employee is on duty at the employer’s establishment or at a prescribed work place, as well as all other time during which the employee is suffered or permitted to work for the employer. Under certain specified conditions time spent in sleeping and eating may be excluded from compensable time.

The FLSA requires that all covered nonexempt employees be paid the statutory minimum wage of not less than \$7.25 per hour effective July 24, 2009.

The FLSA requires that all covered nonexempt employees be paid overtime pay at no less than time and one-half their regular rates of pay for all hours worked in excess of 40 in a workweek.

Section 13(b)(20) of the FLSA provides an overtime exemption to law enforcement or fire protection employees of a public agency that employs less than five employees during the workweek in law enforcement or fire protection activities.

Section 7(k) of the FLSA provides that employees engaged in fire protection or law enforcement may be paid overtime on a “work period” basis. A “work period” may be from 7 consecutive days to 28 consecutive days in length. For work periods of at least 7 but less than 28 days, overtime pay is required when the number of hours worked exceeds the number of hours that bears the same relationship to 212 (fire) or 171 (police) as the number of days in the work period bears to 28. For example, fire protection personnel are due overtime under such a plan after 106 hours worked during a 14-day work period, while law enforcement personnel must receive overtime after 86 hours worked during a 14-day work period.

Under certain prescribed conditions, a State or local government agency may give compensatory time, at a rate of not less than one and one-half hours for each overtime hour worked, in lieu of cash overtime compensation. Employees engaged in police and fire protection work may accrue up to 480 hours of compensatory time.

An employee must be permitted to use compensatory time on the date requested unless doing so would “unduly disrupt” the operations of the agency.

At the time of termination an employee must be paid the higher of (1) his or her final regular rate of pay or (2) the average regular rate during his or her last three years of employment for any compensatory time remaining “on the books” when termination occurs. For more information on state and local governments under the FLSA, see Fact Sheet #7.

No covered employer may employ any minor in violation of the youth employment provisions of the FLSA. The Act establishes specific provisions concerning prohibited occupations and/or hours of employment of minors under age 18.

Covered employers must make, keep and preserve payroll-related records as described by regulations 29 CFR Part 516.

#### **Where to Obtain Additional Information**

**For additional information, visit our Wage and Hour Division Website: <http://www.wagehour.dol.gov> and/or call our toll-free information and helpline, available 8 a.m. to 5 p.m. in your time zone, 1-866-4USWAGE (1-866-487-9243).**

This publication is for general information and is not to be considered in the same light as official statements of position contained in the regulations.

**U.S. Department of Labor**  
Frances Perkins Building  
200 Constitution Avenue, NW  
Washington, DC 20210

**1-866-4-USWAGE**  
TTY: 1-866-487-9243  
Contact Us

## Comments

### CALIFORNIA STATE AUDITOR'S COMMENTS ON THE RESPONSE FROM THE CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION

To provide clarity and perspective, we are commenting on the California Department of Forestry and Fire Protection's (CAL FIRE) response to our audit. The numbers below correspond to the numbers we have placed in the margin of CAL FIRE's response.

CAL FIRE cites incorrectly the Federal Emergency Management Agency's (FEMA) recovery policy related to labor costs for emergency work (recovery policy). As we state on page 25, because FEMA believes that it is unreasonable for a person to work more than 48 hours continuously without an extended rest period, the recovery policy permits the reimbursement of personnel costs up to 24 hours for each of the first two days and up to 16 hours for each of the following days in the response period. Furthermore, CAL FIRE is mischaracterizing the issue we raise in our report. Specifically, on page 25, we describe an inconsistency between FEMA's recovery policy and its disaster assistance policy that contains no stated limit on the number of hours FEMA will reimburse for labor expenses incurred according to preexisting mutual aid agreements. Our report does not address inconsistencies between FEMA's policies and California and federal labor laws.

①

CAL FIRE states correctly that FEMA has not promulgated a final determination on the March 2011 audit conducted by the U.S. Department of Homeland Security's Office of the Inspector General. However, as we state on page 26, an Emergency Management Program specialist (program specialist) in FEMA's recovery division for Region IX, stated that, although FEMA reimbursed CAL FIRE for the full amount claimed for the disaster discussed in the audit and has not recovered the questioned costs at this point, FEMA's previous actions should not indicate that it does not intend to recover the costs.

②

CAL FIRE is mischaracterizing our example of the potential effect to the State if CAL FIRE billings between 2006 and 2010 were based on FEMA's recovery policy. On page 2 and pages 25 through 27 we clearly state that our example is dependent on whether FEMA determines that the CAL FIRE calculations and claims identified in the audit were erroneous. However, to address CAL FIRE's concern, on pages 2 and 26, we changed the text from "FEMA was billed" to "CAL FIRE may have billed FEMA". Similarly, on page 26, we added the phrase "based on FEMA's recovery policy" to the last sentence in the second paragraph on the page.

③

cc: Members of the Legislature  
Office of the Lieutenant Governor  
Milton Marks Commission on California State  
Government Organization and Economy  
Department of Finance  
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