

2010-2011 GRAND JURY REPORT

Idyllwild Fire Protection District

Background

The Idyllwild Fire Protection District (IFPD) was founded in 1946 to provide fire protection to unincorporated mountain communities in the proximity of Idyllwild, Riverside County. Today they serve a population in excess of 3,500.

Services provided by IFPD include fire protection, advanced life support, medical services, basic life support medical services, rescue, public assistance, fire prevention, fire suppression and public safety education. Presently, the department employs a Chief Fire Officer (Fire Chief), a Deputy Fire Marshal, two Reserve Paramedics, nine Career Firefighters, seventeen Reserve Emergency Medical Technicians (EMT), two Ambulance Attendants, a Mechanic and an Administrative Assistant.

The Fire District also provides ambulance service for County Service Area (CSA 38-Pine Cove) and surrounding mountain areas adjacent to Idyllwild.

A board consisting of five elected Fire District Commissioners (Board) governs the IFPD. The Board meets on the second Tuesday of each month. The meetings are open to the public and held at the Idyllwild Fire Station Training Room.

The Board Policy (BOD 4010) states "...The Board is a legislative body under the laws and statutes of the State of California. The legislative enactment which has the most direct impact on the operations of this Board and which should be read and understood by every Commissioner is known as the Ralph M. Brown Act (Brown Act). This Act contains two key provisions, Section 54950, **Declaration of Policy and Section 54953, Meetings to be Open and Public**, that establish the fundamental principles that control all the proceedings and actions of this Board..."

IFPD is funded through an annual assessment of properties within the District boundaries. Additionally, IFPD receives funding from Riverside County Emergency Medical Services (EMS), grants, state aid, charges for services, charges for ambulance service to Pine Cove and other miscellaneous reserves. The IFPD budget for fiscal year ending June 30, 2010, was approximately \$1,779,000.

Findings

The 2010-2011 Riverside County Grand Jury interviewed individuals in Idyllwild directly and indirectly associated with IFPD, including firefighters, paramedics, board members, office personnel, fire chief, a local resident, and the prior auditing firm. Findings are as follows:

1. **Inadequate Financial Bookkeeping System**

IFPD was using an Excel spreadsheet designed by one of the firefighters for recording financial information. The auditing firm, comprised of certified public accountants, advised IFPD in a letter dated October 25, 2010, that “the current accounting system is a series of Excel schedules and not a double-entry accounting system, as a result, the prior year audit adjustments have not been posted to the fiscal years ending 2010 or 2011; thus a number of balance sheet accounts have not been reconciled, including cash. These are key elements in maintaining a system that meets governmental accounting and financial reporting standards.”

IFPD’s financial management system does not have internal controls that track expenditures nor identify where monies are spent. These deficiencies have resulted in:

- Late payments to CalPers Pension Fund and vendors
- Checks written but not sent to suppliers
- Inability to reconcile cash balance

The replacement auditing firm hired by IFPD in December 2010, to perform the audit for the fiscal year ending June 30, 2010, stated in a letter, they have experienced similar deficiencies.

2. **Annual Audits**

The policy of the Board (BOD 4050) and the Administrative Regulations (AR) #107, which each director receives, states; “The Board shall annually have an independent audit of the district’s financial records. The Board shall contract with a licensed auditor or auditing firm for the performance of this service and to serve as a consultant on accounting procedures”. Grand Jury investigation revealed that audits were not performed annually as required by Board Policy 4050. Shown below are the dates the audits were performed for the five-year period FY 2004 – FY 2009.

FISCAL YEAR	COMPLETION DATES
06/30/04 – 05	11/25/08
06/30/05 – 06	06/01/09
06/30/06 – 07	08/27/09
06/30/07 – 08	11/04/09
06/30/08 – 09	11/05/10

3. **Lack of Compliance with Requirements of AR IFPD #107**

As part of each Board Member’s orientation the AR IFPD #107 document is provided to each Board Member. Included within this document is the structure and operation of the Board. The Board is not performing all the duties and responsibilities that are outlined in AR IFPD #107. The following deficiencies were revealed:

- Failure to monitor expenditures
- Lack of training on the Brown Act
- Late financial annual audits

4. **Violation of the Brown Act**

At the March 8, 2010 meeting, the Board revealed it had discussed the Fire Chief’s contract and compensation in closed sessions two weeks before the open meeting. The Board was in violation of the following sections of the Brown Act:

- Section 54954.2(a) Agenda requirements; regular meetings
“...At least 72 hours before a regular meeting, an agenda shall be posted containing a brief description of each item of business to be transacted or discussed in the meeting, including items to be discussed in closed session”
- Section 54957.7(a) Announcement prior to closed sessions.
“...Prior to holding any closed session, an announcement shall be made in open meeting, the item or items to be discussed in closed session”
- Section 54957.1 Report at conclusion of closed session
“...Upon returning from closed session; a report of any action taken in closed session and the vote of every member present must be presented in the open meeting.”

Similar violations of the Brown Act were also identified in the 2007-2008 Riverside County Grand Jury report. IFPD official response to this report “to the extent that any discussion of compensation for the chief took place, all such discussions were voided by the Board on November 27, 2007 and took place in an open session thereafter.” This response did not correct the event from being repeated in 2010.

5. **Conflict of Interest by a Board Member**

A Board Member has an arrangement as a paid on call firefighter, EMT, or pump operator for the Fire District. This is a conflict as this Board Member is the Fire Chief’s superior as stated in AR IFPD #107 and when working for the District as a firefighter, he is also a subordinate to the Fire Chief. Presently, this Board member has taken a leave of absence as an employee. Taking a leave of absence does not resolve the conflict, because the employee status has not been severed.

6. **Use of Volunteers and/or Cal-Fire**

In the early years of IFPD existence, the staff primarily consisted of volunteers. Over the years there has been a shift to career paid firefighters with only three persons listed as volunteers (paid per call). Cost comparison data has not been performed to show the differences in operating with volunteers and career firefighters.

The 2007-2008 Riverside County Grand Jury Report recommended that IFPD explore the feasibility of contracting with Cal-Fire to provide fire protection services to the mountain communities. The District’s major objection for maintaining the status quo is that Cal-Fire would be more costly; however no analysis or study has been performed to establish the cost for Cal-Fire to provide services nor is the true cost known for IFPD as it is currently organized.

Recommendations

**Riverside County Board of Supervisors
Riverside County Auditor-Controller
Idyllwild Fire Protection District Board
Idyllwild Fire Protection District, Fire Chief**

1. IFPD implement a double-entry bookkeeping system for recording financial transactions and internal controls to maintain adequate records in accordance with Government Accounting and Financial Standards.

2. IFPD Board President plan and schedule mandatory annual training on Board Policy Series 4000, specifically BOD Policy 4050 and AR IFPD #107.
3. IFPD Board President require all IFPD Board Members attend mandatory annual training to review and discuss the requirements in AR IFPD #107.
4. The IFPD Board is a “legislative body” under the laws and statutes of the State of California. As such the Board must comply with the provisions of the Brown Act at all times and receive annual training on the Brown Act to minimize any violations.
5. The elected official on the IFPD Board must resolve the current conflict of interest.
6. The IFPD Board should hire a consulting firm to conduct a cost analysis for:
 - IFPD and Cal-Fire
 - Ambulance Service
 - Career Firefighters and Volunteers

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