

California's Mutual Aid System

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

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This report concludes that the California Emergency Management Agency (Cal EMA) generally processes local agencies' requests for reimbursement within 120 business days and the 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 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.

In the report, the California State Auditor (state auditor) made the following recommendations to Cal EMA and CAL FIRE. The state auditor's determination regarding the current status of recommendations is based on Cal EMA and CAL FIRE's responses to the state auditor as of September and October 2012, respectively.

Recommendation 1.1—See pages 20 and 21 of the audit report for information on the related finding.

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.

Cal EMA's Action: Partially implemented.

Cal EMA stated that it is difficult to ensure that paying entities do not delay reimbursements for those emergencies or disasters that are not reimbursed under FEMA's Fire Management Assistance Grant (FMAG) Program. Under the FMAG, states can submit a request for assistance to FEMA at the time a major disaster exists. Cal EMA stated that, because it administers the entire FMAG process, it is able to prioritize workload and expeditiously submit to FEMA the project worksheet that documents the scope of work and cost estimate for each project. However, Cal EMA stated that it has little or no control over reimbursements for FEMA's Public Assistance (PA) Program.

Under the PA, states can submit a request for assistance so that they can quickly respond to and recover from major disasters and emergencies declared by the President. CAL EMA stated that, because it jointly administers the PA Program with FEMA, it is difficult to ensure the expeditious processing of project worksheets that require several layers of federal review and subsequent funding obligations.

Further, to ensure that paying entities do not delay reimbursements for mutual aid provided under the California Fire Assistance Agreement (CFAA), Cal EMA is implementing a new Mutual Aid Reimbursement Program that focuses largely on migrating from a Lotus Notes application to a Web-based application. Cal EMA stated that this system will produce a stable platform and build in appropriate business rules to more effectively administer the CFAA terms and conditions and reduce reimbursement timelines. According to Cal EMA, the first phase of this new program was deployed in July 2012 and eliminated many workarounds and limitations found in the current system.

Recommendation 1.2.a—See pages 20 and 21 of the audit report for information on the related finding.

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.

Cal EMA's Action: Fully implemented.

Cal EMA incorporated language into its FMAG Program standard operating procedures that outlines the grant process, including the reimbursement process. Cal EMA stated that, because it jointly administers the PA Program with FEMA, it is difficult to ensure the expeditious processing of project worksheets that require several layers of federal review and subsequent funding obligations.

Recommendation 1.2.b—See pages 20 and 21 of the audit report for information on the related finding.

To ensure that it receives reimbursements on time, Cal EMA should establish procedures for submitting project worksheets to FEMA and drawing down funds that reflect the time-saving measures resulting from its efforts to implement recommendation 1.2.a.

Cal EMA's Action: Fully implemented.

Cal EMA incorporated language into its FMAG Program standard operating procedures that outlines the grant process, including the reimbursement process. Cal EMA stated that, because it jointly administers the PA Program with FEMA, it is difficult to ensure the expeditious processing of project worksheets that require several layers of federal review and subsequent funding obligations.

Recommendation 1.3.a—See pages 22—24 of the audit report for information on the related finding.

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.

Cal EMA's Action: Pending.

Cal EMA did not specifically address this recommendation. Instead, Cal EMA stated it evaluated its options, along with its partner agencies, for ensuring the accuracy of and the accountability for the financial information that the local agencies submit. Cal EMA stated its options for ensuring financial integrity included better defined invoicing instructions, enhanced training of the partner agencies, and, if necessary, revisions to the statutes.

Cal EMA, along with several key committee members signatory to the CFAA, provided workshops in June 2012 to instruct local agencies on how to correctly develop average actual hourly rates, salary surveys, and actual administrative rates. Cal EMA stated it also held a Web conference in July 2012 for those local agencies that were unable to attend the workshops because of budgetary constraints or other commitments.

Recommendation 1.3.b—See pages 22—24 of the audit report for information on the related finding.

To make certain that local agencies calculate correctly their average actual hourly rates, 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.

Cal EMA's Action: Pending.

Cal EMA did not address this recommendation, which is contingent upon the results of its audit of a sample of the local agencies' invoices.

Recommendation 1.3.c—See pages 22—24 of the audit report for information on the related finding.

To make certain that local agencies calculate correctly their 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 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's Action: Pending.

Cal EMA did not specifically address this recommendation. Instead, Cal EMA stated it evaluated its options, along with its partner agencies, for ensuring the accuracy of and the accountability for the financial information that the local agencies submit. Cal EMA stated its options for ensuring financial integrity included better defined invoicing instructions, enhanced training of the partner agencies, and, if necessary, revisions to the statutes.

Recommendation 1.4.a—See pages 24—27 of the audit report for information on the related finding.

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

Cal EMA's Action: Pending.

On March 5, 2012, FEMA deobligated \$5.7 million in funding related to hours claimed that were in excess of its recovery policy, which 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. However, Cal EMA did not specifically address whether or not it modified the time sheets to track the actual hours the responding agency works as well as the dates and times that the agency committed to the incident and returned from the incident. Instead, Cal EMA stated that it has worked with CAL FIRE to make the appropriate adjustments to CAL FIRE's accounting methodologies to ensure that the overtime costs CAL FIRE submits to it do not exceed FEMA's recovery policy.

Recommendation 1.4.b—See pages 24—27 of the audit report for information on the related finding.

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 the maximum number of reimbursable personnel hours under both FEMA's policy and the CFAA.

Cal EMA's Action: Pending.

Cal EMA did not specifically address whether or not its new Mutual Aid Reimbursement Program will be able to calculate the maximum number of reimbursable personnel hours under both FEMA's policy and the CFAA.

Recommendation 1.5.a—See pages 24—27 of the audit report for information on the related finding.

If FEMA determines that the calculations and claims identified in the Office of Inspector General's audit report were erroneous, CAL FIRE should revise its method of claiming reimbursement for personnel hours to comply with FEMA's policy.

CAL FIRE's Action: Fully implemented.

On March 5, 2012, FEMA deobligated \$5.7 million in funding related to hours claimed that were in excess of its recovery policy, which 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. CAL FIRE stated that it revised its method of claiming reimbursement for personnel hours to comply with FEMA's policy.

Recommendation 1.5.b—See pages 24—27 of the audit report for information on the related finding.

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

CAL FIRE stated that it continues to coordinate with Cal EMA and its federal mutual aid partners to ensure as much consistency as possible between the CFAA and the FEMA Disaster Assistance program. However, CAL FIRE did not specifically address its collaboration efforts 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.