



BALTIMORE CITY FIRE DEPARTMENT

Biennial Performance
Audit for Fiscal Years
Ended June 30, 2020 and
2019

City Auditor, Josh Pasch

October 2021



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Josh Pasch, CPA

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Honorable Bill Henry, Comptroller
and Other Members
of the Board of Estimates
City of Baltimore

EXECUTIVE SUMMARY

We conducted a Biennial Performance Audit of the Baltimore City Fire Department (BCFD) for the fiscal years (FYs) ended June 30, 2020 and June 30, 2019. The objectives of our performance audit were to:

- Assess whether BCFD has adequate and effective policies and procedures to administer and operate the fire watch programs (see text box); and whether those policies and procedures are in compliance with the International Fire Code (IFC) requirements; and
- Follow up on prior findings and recommendations included in the previous Biennial Performance Audit Report, dated December 12, 2019.

Our audit concludes that BCFD has not established formal policies and procedures to administer and operate the fire watch programs; however, practices are in place. Also, financial controls associated with billing and collection of payments for the fire watch program and special events have not been established. Specifically, the Office of Fire Marshal (OFM) does not:

- Have adequate accounting and financial controls (segregation of duties, payment deposits validation, and monitoring AR) to ensure billing and payment information is recorded accurately. Without proper segregation of duties and an independent review and reconciliation of invoicing and payments, payments could be intentionally or unintentionally lost or stolen and not detected by management (fraud risk). Additionally, BCFD cannot assure whether payments are received in a reasonable timeframe (or at all) for all invoices that OFM issues (financial risk).
- Document or retain documents to evidence fire watch activities and performance of the related services. Although OFM uses a Microsoft Excel spreadsheet to track Level III fire watch financial activities, OFM does not manually record Level I and II services to evidence provided because transaction codes have not been established in the 311 online system - Salesforce (see definition

About Fire Watch Programs

A fire watch is a temporary measure intended to ensure continuous and systematic surveillance of a building or portion thereof by one or more qualified individuals for the purposes of identifying and controlling fire hazards, detecting early signs of unwanted fire, raising an alarm of fire, and notifying the fire department.

The IFC requires the fire watch personnel shall keep a record of all time periods of duty, including a log entry each time the site was patrolled and each time a structure under construction was entered and inspected. The records and log entries shall be made available for review by the fire code official upon request. The BCFD requires the business owner/representative sign a contract authorizing the fire watch and affirming timely resolution of the related fire protection system issue(s).

Source: IFC and BCFD

on page 3) to reclassify activity that result in a Level I, II or III fire watch. Additionally, OFM does not retain supporting documentation such as contracts, daily logs, citations and work orders after 30 days. As a result, the City could be exposed to financial and reputational risks resulting from claims associated with services not provided and the inability to present adequate documentation.

Additionally, we observed that BCFD is not recovering the actual costs for Level III fire watches and special events (see definitions on page 3). The BCFD bills and is reimbursed based on the 2011 flat rate of \$45. It is estimated that BCFD has absorbed salary cost totaling approximately \$200,000 annually for FY 2020 and FY 2019 Level III fire watches and special events.

Of the three prior recommendations that we followed up as part of this Biennial Performance Audit (See Section II on page 12), one recommendation was fully implemented and two were not implemented because of the following reasons:

- **Service 608 – Emergency Management** – The Mayor’s Office of Emergency Management (MOEM)¹ did not revise Administrative Manual 110, 01, *Continuity of Operations Plan*, to delegate authority to the MOEM to enforce agency compliance with the Continuity of Operations Plan (COOP). As a result, the related performance measure targets of 85 percent for FY 2019 and 75 percent for FY 2020 could not be achieved or increased to ensure full performance. In FY 2020, only 13 of 24 agencies², or 54 percent, submitted COOPs³. None of the 13 agencies have current COOPs because the submitted COOPs were developed between 2006 and 2018. However, MOEM did not confirm with the 13 agencies whether those submitted COOPs are still applicable and relevant to the current period.
- **Service 611 – Fire Code Enforcement** – Documentation was not available to evidence BCFD follow up and resolution of expired permits.

To improve the processes and controls over the fire watch programs and special events, we recommend the BCFD Chief implement the recommendations included in this report. Management’s responses are included in Appendix I.

We wish to acknowledge BCFD’s cooperation extended to us during our audit.

Respectfully,



Josh Pasch, CPA
City Auditor, City of Baltimore
October 26, 2021

¹ The MOEM is a stand-alone City agency; however, for budgetary purposes, it is classified under BCFD. MOEM’s operational role is to coordinate interagency response and recovery. The MOEM implements systems and programs to enhance and integrate the City’s response to major incidents.

² This number excludes one agency that declined to participate in COOP.

³ In the FY 2020 Budget Book, the actual result was 66 percent. The result was comprised of 14 COOPs and two draft COOPs in lieu of 13 actual COOPs; therefore, the actual result was overstated by 12 percent.

BACKGROUND INFORMATION

The BCFD – OFM is responsible for instituting a Fire Watch Program as required by IFC, § 202 and §109.4.1. A fire watch is categorized as one of the following levels:

- **Level I** - Instituted when there is a failure in one or more fire protection systems where there is no large influx of people or employees occupying the area. Continuous monitoring is delegated to the business management to perform a fire watch until the fire protection system is serviced or fixed. The fire watch usually lasts a day or two days. This service is done during regular hours; therefore, the BCFD does not charge fees.
- **Level II** - Level II has the same process as Level I, the difference between the two levels is the size and use of the building (e.g. warehouse, building office, mall, etc.). Also, the fire watch is handled by the maintenance staff who can direct the fire department and has knowledge of the fire protection systems of the building (e.g. emergency exits, fire alarms, automatic, sprinklers).
- **Level III** - Instituted if major fire protection systems are out of order, a serious life safety hazard exists, and there are people staying overnight at the premises (e.g. hotel, apartment building, commercial complex with apartment dwelling above, etc.). This service is performed by BCFD personnel on a 24 hours basis until the issue(s) is resolved. BCFD charges fees to recoup some overtime costs.

The OFM manages service requests in **SalesForce**, which is a Customer Relationship Management platform. The workflow tool can track the activity and provide management reports to manage activities, determine results, and provide customer service.

The BCFD staff also manages **special events** to ensure crowd safety. A Special Event is an indoor or outdoor event held on public or private property. Permits must be obtained for all events. Examples of a Special Event include, but are not limited to, professional sporting events, concerts, and entertainment.

OBJECTIVES, SCOPE, AND METHODOLOGY

We conducted our performance audit in accordance with Generally Accepted Government Auditing Standards, except for peer review requirements. 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The objectives of our audit were to:

- Assess whether BCFD has adequate and effective policies and procedures to administer and operate the fire watch programs; and whether those policies and procedures are in compliance with the IFC requirements; and
- Follow-up on prior findings and recommendations included in the previous Biennial Performance Audit Report, dated December 12, 2019. The scope of our audit is for the periods of FY 2020 and FY 2019.

To accomplish our objectives, we:

- Researched the Baltimore City Building, Fire, and Related Codes and IFC Codes to identify governing laws and regulations;
- Interviewed key individuals to obtain an understanding of the processes, procedures, and internal controls that govern the financial and operational activities;
- Identified the related risks and evaluated the design of certain: (1) internal controls such as recording, reporting, documenting and segregation of duties; (2) processes; and (3) procedures associated with the audit objectives;
- Coordinated with the Baltimore City Information Technology (BCIT) to create and obtain reports of special events and permit invoices produced through the mainframe;
- Reconciled the BCIT invoice reports and manual invoices to the general ledger and related OFM schedules and analyzed the results to determine whether: 1) the OFM internal invoice schedules can be relied upon; and 2) total FY 2020 and FY 2019 manual and system generated invoices were offset by cash collections;
- Issued confirmations to vendors to validate certain unpaid invoices;
- Obtained and analyzed deposit information associated with transactions initially deemed uncollected;
- Performed analysis of the actual overtime rates and reimbursable flat rate to determine a conservative estimate of wage costs absorbed by BCFD;
- Reviewed judgmentally selected samples of invoices and supporting documentation associated with special events activities; and
- Reviewed AM 110, 01, Continuity of Operations Plan, MOEM agency planning framework, COOP inventory tracking report of agency submissions, including submission dates, and metric calculations to determine the reasonableness of implementation status of the prior findings and recommendation.

SECTION I: CURRENT FINDINGS AND RECOMMENDATIONS

Finding #1: Accounting and financial controls to manage invoicing, collections and recording of special event and Level III fire watch activities need improvement.

The OFM does not have adequate accounting and financial controls (segregation of duties, payment deposits validation, and monitoring AR) to ensure billing and payment information is recorded accurately. Without proper segregation of duties and an independent review and reconciliation of invoicing and payments, payments could be intentionally or unintentionally lost or stolen and not detected by management (fraud risk). Additionally, BCFD cannot assure whether payments are received in a reasonable timeframe (or at all) for all invoices that OFM issues (financial risk). For example, our test concludes that 13 of 24 special event invoice payments⁴, or 54 percent, totaling approximately \$11,256, which date back to September 2018 were not received. Additionally, in FY 2019, invoicing exceeded payments by \$235,288. Conversely, in FY 2020, payments exceeded invoicing by \$83,707. For two FYs, invoicing exceeded payments by approximately \$151,581, which indicates the ineffective revenue collection effort.

The OFM management was not aware of the accounting and financial controls which are discussed in details below.

<p style="text-align: center;">Segregation of Duties</p> <ul style="list-style-type: none">• Segregation of duties helps prevent fraud, waste and abuse in the internal control system.• If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste or abuse in the operational process.• Management considers the need to separate control activities related to authority, custody and accounting of operations to achieve adequate segregation of duties. <p>Source: Green Book</p>
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- **Segregation of Duties:** The OFM does not properly segregate (see text box) invoicing, collection, and recording activities. Specifically, current procedures permit OFM staff to: (1) prepare manual invoices for Level III fire watch and system generated mainframe invoices for special events and permits; (2) receive the corresponding checks; (3) remit checks for subsequent deposit; (4) post check receipts to the mainframe system; and (5) record the activity in internal MS Excel tracking schedules.
- **Validation and Monitoring of Outstanding Accounts Receivable:** The OFM does not have processes to validate whether payments were received and deposited for all invoices issued and monitor outstanding accounts receivable (AR). Specifically,
 - **Invoicing Process for Special Events:** The OFM enters special event and permit invoices into the Mainframe system which generates invoices that are mailed to customers. AR are not transferred / recorded to the City’s General Ledger when invoices are issued. Thus, the City’s accounting systems do not track AR. Additionally, the Mainframe system does not have outstanding AR reports. To identify uncollected revenues, Baltimore City Information Technology (BCIT) must pull the Mainframe data needed to determine outstanding invoices. Only BCIT has access to generate reports of Mainframe data. Currently, there is no process to generate and distribute these types of reports. Thus, OFM is not able to validate deposits

⁴ For FY 2020 and FY 2019, there were 247 special events which were invoiced to organizations. Of 247 special events, there were 24 special events with no indication of receipt of payments. Of 22 special events, payments for 13 special event invoices have not been received.

and follow-up on outstanding AR. Additionally, Bureau of Revenue Collections (BRC) does not monitor AR in Mainframe although they monitor AR in Dynamics, the City General Ledger.

- **Payment Process for Special Events:** When a payment is received by OFM, OFM posts the receipt against the invoice in the Mainframe system. When a payment is remitted by OFM to BRC, BRC will deposit payments into the M&T Bank by Armored Car services. The deposit slips and remittance advices are sent to Merkle (a lockbox vendor) for processing. However, the OFM does not obtain the bank statement / Merkle reports to validate payments are received for all invoices issued.
- **Invoicing and Payment Processes for Level III Fire Watch:** The OFM manually generates invoices for Level III fire watch. These invoices are only recorded in Excel spreadsheet, but not recorded in the Mainframe and the City's accounting systems. Payments for Level III transaction are remitted directly to Merkle. As stated in the previous bullet, the OFM does not obtain the bank statement / Merkle reports to validate payments are received for all invoices issued. The BRC is currently not involved in this process.

According to the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States (Green Book),

- “Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.”
- “A smaller entity, however, faces greater challenges in segregating duties because of its concentration of responsibilities and authorities in the organizational structure. Management, however, can respond to this increased risk through the design of the internal control system, such as by adding additional levels of review for key operational processes, reviewing randomly selected transactions and their supporting documentation, taking periodic asset counts, or checking supervisor reconciliations.”

Recommendation #1: We recommend the BCFD Chief:

- Establish and implement procedures to adequately segregate the invoicing, collection, and recordation of Level III fire watch and special event activities;

We recommend the BCFD Chief work with the Department of Finance to:

- Transfer the Mainframe and manual billing processes to Workday and;
- Establish and implement formal (written, approved, dated) policies and procedures for billing, recording invoice and payment transactions, monitoring accounts receivable, and validating payment deposits.

Finding #2: Documentation evidencing fire watch activities and performance of the related services does not exist.

Although OFM uses a Microsoft Excel spreadsheet to track Level III fire watch financial activities, OFM does not manually record Level I and II services to evidence support services provided.

Also, there is no system generated report (or log) showing Level I, II, III services provided. Specifically, fire watch requests are initiated and processed on the 311 online system (SalesForce) and through 311 and 911 calls. The SalesForce system is a Customer Relationship Management platform that allows OFM to manage service requests (complaints) related to BCFD. The workflow tool can track the activity and provide management reports to manage activities, determine results, and provide customer service. However, all Salesforce data reported to the OFM is initially categorized as service requests, and transaction codes have not been established to reclassify activity that result in a Level I, II or III fire watch. Therefore, OFM cannot identify and evidence Level I and Level II fire watch services provided.

Additionally, the OFM does not retain supporting documentation such as contracts, daily logs, citations and work orders after 30 days to evidence performance of all related fire watch activity. As a result, the absence of tracking logs for Level I and II fire watch services and maintaining supporting documentation for only 30 days could expose the City to financial and reputational risks resulting from claims associated with services not provided and the inability to present adequate documentation.

The cause of this finding is because OFM does not have formal (written, dated, approved) policies and procedures required to: (1) record Level I, II, and III fire watch services; (2) maintain key documentation; and (3) establish retention periods for these documents.

According to the Green Book:

- “Management is responsible for designing the policies and procedures to fit an entity’s circumstances and building them in as an integral part of the entity’s operations.”
- “Management communicates to personnel the policies and procedures so that personnel can implement the control activities for their assigned responsibilities.”
- “Internal control and all transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination. The documentation should appear in management directives, administrative policies, or operating manuals and may be in paper or electronic form. All documentation and records should be properly managed and maintained.”

Recommendation #2: We recommend the BCFD Chief:

- Establish formal (written, dated, approved) Fire Watch policies and procedures requiring recording, documentation, and retention of documentation for Level I, II, and III fire watch services. These can be implemented in SalesForce.
- Implement those policies and procedures.

Finding #3: The approved flat rate for Level III fire watches and special events are outdated.

The BCFD is not recovering the actual costs for coverage at Level III fire watches and special events. The BCFD bills and is reimbursed by Level III fire watch and special event organizers for overtime worked by the assigned BCFD staff, based on the flat rates shown in Table I below.

Table I

Comparison of Approved Flat Rate and Actual Overtime Rates

Union	Flat Rate Billed ¹ (Per Hour)	FY 2020 Actual Hourly Rate ² X 1.5	FY 2019 Actual Hourly Rate ² X 1.5
Local 964 Fire Officers	\$45	\$53.28 - \$76.97	\$53.28 - \$76.97
Local 734 Fire Fighters	\$45	\$34.53 - \$53.68	\$33.85 - \$52.63

Source: BCFD – FY 2020 and 2019 Memorandum of Understanding (MOU)

Notes: ¹ The BCFD follows an approved tiered flat rate cost calculation of coverage during Level III fire watch and special events.

² MOU between BCFD and the Mayor and City Council of Baltimore for FY 2018 – 2020.

The difference between the flat rate and the actual overtime rate (at time and one-half) is being absorbed by BCFD. According to BCFD, there were 11 and four Level III fire watches during FY 2020 and FY 2019, respectively, that have concluded. As of July 2020, there are two active Level III fire watches which require 24/7 BCFD monitoring. Additionally, there were 108 and 139 special events during FY 2020 and FY 2019, respectively. Table II below shows examples for flat rate billings for BCFD staff working at Level III fire watch and special events versus their actual salaries (at time and one-half). It is estimated that BCFD could have absorbed salary cost totaling approximately \$200,000 annually for Level III fire watches and special events that occurred in FY 2020 and FY 2019. This is because the current billing rate has been in effect since 2011 without any updates or adjustments.

Table II

Example of Costs Absorbed by BCFD for Fiscal Year 2020

	A	B
Event:	A	B
Date:	April 1st – 30th	October 9th – 13th
Service:	Level III Fire Watch	Special Event
Overtime Hours:	576.5	72
Average Overtime Rate Total Amount: ¹	\$31,707.50	\$3,960.00
Flat Rate Total Amount:	\$25,942.50	\$3,240.00
Difference:	\$5,765.00	\$720.00

Source: Level III and special event invoices and pay schedule

Note: ¹ A \$55 average overtime rate based on high and low actual overtime rates from Table I was used for this calculation (e.g. 576.5 hours x \$55 = \$31,707.5).

According to the *Building, Fire, and Related Codes*, Section VIII, Internal Fire Code, 104.12 Fees for non-fire suppression services, “The Director of Finance must establish and annually review a fee schedule for non-fire suppression services performed by the Fire Department. The Director of Finance must base these fees on the expense incurred by the Fire Department in performing non-fire suppression services.”

Recommendation #3: We recommend the BCFD Chief and Director of Finance:

- Annually evaluate, and revise the flat rate used for invoicing to more closely reflect, actual overtime paid; and
- Retain documentation evidencing the results of the review.

SECTION II: IMPLEMENTATION STATUS OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

Table III

Summary of Implementation Status of Audit Findings and Recommendations from the Performance Audit Report for Fiscal Years Ending 2017 and 2016 for Service 608 – Emergency Management⁵

No.	Findings	Prior Recommendation	Management’s Self-reported Implementation Status	Auditor’s Assessment
1.	The FY 2016 target was 85 percent, but the actual amount, as reported in FY 2018 Budget Book, was 75 percent. According to the Director of MOEM, the targets were not met because of the lack of personnel to assist City agencies to develop and review the COOP. The target for FY 2015 was originally reported as 90 percent in FY 2015 Budget Book but was reduced to 80 percent in FYs 2016 and 2017 Budget Books. The actual amount for	<ul style="list-style-type: none"> Identify and address the causes for not meeting the established targets. Obtain the Finance’s approval for any revisions to prior year performance measure targets. Any approved changes to performance measure targets should not be changed in subsequent year Budget Books without adequate disclosure, in order to avoid misleading performance results. 	<p>Implemented.</p> <p>The issue with this performance measure is that the Administrative Manual does not offer consequences to agencies for failing to comply with the COOP plan requirement and it does not arm OEM with any actions to be able to enforce compliance. OEM has a robust planning framework and has actively attempted for three years or more to engage City agencies in COOP planning. During the cyber-attack and COVID-19 response, OEM was able to get portions of plans</p>	<p>Not Implemented.</p> <p>The Mayor’s Office of Emergency Management did not revise Administrative Manual 110, 01, <i>Continuity of Operations Plan</i>, to delegate the authority to the MOEM to enforce agency compliance with the Continuity of Operations Plan (COOP). As a result, the related performance measure targets of 85 percent for FY 2019 and 75 percent for FY 2020 could not be achieved or increased to ensure full performance. In FY 2020, only 13 of 24 agencies, or 54 percent, submitted COOPs⁶. None of the</p>

⁵ The selected performance measures are Percent of City Agencies with a Complete Continuity of Operations Plan.

⁶ In the FY 2020 Budget Book, the actual result was 66 percent. The result was comprised of 14 COOPs and two draft COOPs in lieu of 13 actual COOPs; therefore, the actual result was overstated by 12 percent.

Biennial Performance Audit Report on Baltimore City Fire Department

No.	Findings	Prior Recommendation	Management’s Self-reported Implementation Status	Auditor’s Assessment
	<p>FY 2015, as reported in the FY 2017 Budget Book, was 75 percent. Nevertheless, neither the original target nor the reduced target measures were met.</p>	<p>Additional Auditor's recommendation:</p> <ul style="list-style-type: none"> • Revise the Continuity of Operations Plan, AM-110-01, to require agencies to participate in the Continuity Planning Program and periodically (e.g. quarterly, semi-annually, annually) communicate with MOEM and report their current version of their COOPs. • Director of MOEM follow this revised AM-110-01, when implemented. 	<p>from most agencies but there is still much work to be done.</p>	<p>13 agencies have current COOPs because the submitted COOPs were developed between 2006 and 2018. However, MOEM did not confirm with the 13 agencies whether these submitted COOPs are still applicable and relevant to the current period.</p>

No.	Findings	Prior Recommendation	Management’s Self-reported Implementation Status	Auditor’s Assessment
2.	<p>The reported actual performance measure percentages may not be accurate and reliable. According to the City's AM, all City agencies must develop a COOP with the MOEM. However, per the MOEM Director, 20 City agencies should have had a completed COOP on file. The listing furnished contained only sixteen agencies. Eleven agency COOPs were last updated in 2006, two agency COOPs were last updated in 2013, and the last update for three agencies were marked as "NA." According to a Baltimore City COOP Panning Template, a plan should be updated annually, or if personnel change, equipment changes, or new processes are instituted for protecting vital records.</p>	<ul style="list-style-type: none"> • Develop written policies and procedures that include a list of the agencies that are required to have a completed COOP on file. • Maintain written documentation explaining which agencies are required to prepare a COOP and why only those agencies, as opposed to the City AM’s requirement for all agencies to prepare such plans. • Maintain a current listing of the agencies that have prepared, and updated as necessary, a completed COOP. 	<p>Implemented.</p> <p>The issue with this performance measure is that the Administrative Manual does not offer consequences to agencies for failing to comply with the COOP plan requirement and it does not arm OEM with any actions to be able to enforce compliance. OEM has a robust planning framework and has actively attempted for three years or more to engage City agencies in COOP planning. During the cyber-attack and COVID-19 response, OEM was able to get portions of plans from most agencies but there is still much work to be done.</p>	<p>Implemented.</p>

Table IV

Summary of Implementation Status of Audit Findings and Recommendations from the Performance Audit Report for Fiscal Years Ending 2017 and 2016 for Service 611 – Fire Code Enforcement⁷

No.	Findings	Prior Recommendation	Management’s Self-reported Implementation Status	Auditor’s Assessment
1.	There was no specific process in place to follow-up after renewal notices have been sent and confirm whether all expired permits had been renewed.	<ul style="list-style-type: none"> • Implement policies and procedures to follow-up on expired permits to ensure they are properly renewed or do not need to be renewed. • 2) Work with IT to implement a process to generate a list of all expired permits on a periodic basis for proper follow-up. 	<p>Implemented. Currently, all Captains and Lieutenants pull the expired permits from the database and physically look at each address to see if the address was inspected or not. If the address was inspected, they move to the next address. If the address was not inspected, they call the customer and set up the inspection. The expired permits file is pulled on a weekly basis to help ensure that all expired permits are renewed.</p>	<p>Not Implemented. Documentation was not available to evidence BCFD follow up and resolution of expired permits.</p>

⁷ The selected performance measures are Permits and Building Plan Renewals - Revenue and Cash Collection.

APPENDIX I: MANAGEMENT’S RESPONSE TO THE AUDIT REPORT

Date: October, 2021

To: Josh Pasch, City Auditor

Subject: Management’s Response to Audit Report:

Biennial Performance Audit Report on Baltimore City Fire Department
for the Fiscal Years Ended June 30, 2020 and 2019

Our responses to the audit report findings and recommendations are as follows:

Recommendation # 1

We recommend the BCFD Chief:

- Establish and implement procedures to adequately segregate the invoicing, collection, and recordation of Level III fire watch and special event activities;

We recommend the BCFD Chief work with the Department of Finance to:

- Transfer the Mainframe and manual billing processes to Workday and;
- Establish and implement formal (written, approved, dated) policies and procedures for billing, recording invoice and payment transactions, monitoring accounts receivable, and validating payment deposits

Management Response/Corrective Action Plan

Agree **Disagree**

We agree with the audit findings and recommendations and will perform the following:

- Adequately segregate the responsibilities associated with invoicing, receipt of collections, recordation of invoice payments and tracking of Level III and special event transactions. Additionally, an independent verification process will be established to ensure payments are received for all invoices issued.
- The OFM management and Fire Information Technology personnel will work with Department of Finance (DOF) management to establish a project to transfer the mainframe and manual fire watch, permit and special event invoicing, and accounting activities to the Workday platform.
- The OFM will develop and implement formal (written, approved, dated) policies and procedures for billing, recording invoice and payment transactions, monitoring accounts receivable, and validating payment deposits.

Implementation Date: April 1, 2022

- Segregation of Duties: February 1, 2022
- Workday invoice and accounting transition project initiation: April 1, 2022
- Policies and Procedures: February 1, 2022

Responsible Personnel:

Derrick Lamont Ready, Deputy Chief, BCFD

Recommendation # 2

We recommend the BCFD Chief:

- Establish formal (written, dated, approved) Fire Watch policies and procedures requiring recording, documentation, and retention of documentation for Level I, II, and III fire watch services. These can be implemented in Salesforce.
- Implement those policies and procedures.

Management Response/Corrective Action Plan

Agree Disagree

The OFM will establish and implement a fire watch policy and procedure requiring recordation, documentation, and retention of records for Level I, II, and III fire watch services.

Implementation Dates: January 2, 2022

Responsible Personnel:

Derrick Lamont Ready, Deputy Chief, BCFD

Recommendation # 3

We recommend the Director of Finance:

- Annually evaluate, and revise the flat rate used for invoicing to more closely reflect, actual overtime paid.
- Retain documentation evidencing the results of the review.

Management Response/Corrective Action Plan

Agree Disagree

- **OFM:** We agree with the audit finding and recommendation and will coordinate efforts with DOF to ensure the flat rate analysis and evaluation is performed annually. Documentation evidencing the analysis and evaluation will be retained by the OFM and DOF.
- **DOF:** The implementation dates were provided by DOF (see below)

Implementation Dates: November 30, 2021

- Review, analyze and update applicable rates by November 1, 2021
- Obtain Board of Estimates approval by November 30, 2021

Responsible Personnel:

- Derrick Lamont Ready, Deputy Chief, BCFD
- Henry Raymond, Director, DOF