
CITY OF SAN ANTONIO

OFFICE OF THE CITY AUDITOR



Audit of San Antonio Fire Department
Public Safety Deployment Reimbursements

Project No. AU16-021

January 25, 2017

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City Auditor

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the San Antonio Fire Department's (SAFD) management of the reimbursement process for Public Safety Deployment services. The audit objective and conclusions follow:

Determine if SAFD is receiving reimbursement for Deployment Services timely and in accordance with interagency agreements.

Overall, SAFD's operations for deployment services are appropriately managed. Operational department guidelines are current, inventory management of equipment and supplies is effective and deployed officers meet required qualifications.

However, we identified control deficiencies within the fiscal process:

Formal reviews are not conducted by fiscal personnel to ensure the validity and completeness of reimbursement claims submitted to agencies and payments received.

- Discrepancies were identified between claim submission forms and timesheets reported that serve as the source for reimbursement amounts. Additionally, claim submissions and payments received were not always timely.
- Allowable reimbursement of fringe benefits was not requested from the Regional Incident Management Team.
- Payroll manager processing payroll also had access to approve payroll in the Telestaff System causing a segregation of duties issue.
- Monitoring to ensure compliance with City directives related to P-Card usage and accounting for receivables of reimbursement claims was not taking place.
- Standard processes did not exist to monitor that user access is appropriate for the TeleStaff System (system is used to track and schedule exception time such as overtime, vacation and sick leave).

The San Antonio Fire Department agreed with the audit findings and has developed positive action plans to address them. Management's verbatim response is in Appendix C on page 10.

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Background

The San Antonio Fire Department (SAFD) is a participating agency with State and Federal entities that assists in emergency deployments for disaster, recovery, and relief missions. Fire personnel can either apply or an agency can select an individual to become a member. An interagency agreement is created between the fire department and the respective agency. Per the agency agreements, the City is to be reimbursed for deployment expenses (e.g. wages, benefits, lodging, etc.) incurred during the period of deployment. Expenses are tracked and processed by SAFD's fiscal and payroll personnel.

In fiscal years 2015 and 2016, SAFD participated in 23 deployments and was reimbursed a total of \$1,148,918 for deployment expenses. The following table illustrates the agencies that SAFD worked with (Refer to Appendix A for a detailed listing of the deployments by agency):

Agency	Specialized Service	Number of Deployments	Reimbursement
Regional Incident Management Team (RIMT)	Management/Administration Needs (e.g. Planning, Operations, Logistics, Finance)	3	\$ 45,703
Southwest Texas Regional Advisory Council (STRAC)	Ambulance Strike Team	3	117,770
Texas Intrastate Fire Mutual Aid System (TIFMAS)	Wildland and All-hazards Structural Missions	4	149,662
The Texas A&M Engineering Extension Service (TEEX)	Search, Rescue and Recovery Missions	13	835,783
Total Reimbursements for FY 2015 & 2016		23	\$ 1,148,918

Source: SAP

Audit Scope and Methodology

The audit scope included emergency deployments that SAFD participated in between October 2014 to June 2016.

Our methodology and testing criteria consisted of conducting interviews and walkthroughs with key personnel from SAFD's fiscal department and Emergency Operations Center (EOC). We reviewed the SAFD's Emergency Deployment Standard Operating Manual, TIFMAS¹ Business and Mobilization Manual and interagency agreements with RIMT², TEEX³, and STRAC⁴.

We met with key personnel to gain an understanding of the Safety Deployment Operations with regard to personnel qualifications, required training, and inventory management of controlled substances and equipment. Additionally, we met with Fiscal personnel and reviewed the reimbursement claims and payment submissions for accuracy to include related P-Card transactions.

We relied on computer-processed data in SAP to validate the deployment service reimbursement payments. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. We do not believe that the absence of testing general and application controls had an effect on the results of our audit. We also performed a review on the general access controls of SAFD's payroll system, Kronos Workforce TeleStaff. SAFD uses the TeleStaff system to track and schedule exception time (time other than regularly scheduled work time) for the current pay period for uniformed employees. Exception time includes but is not limited to overtime, vacation, sick leave, and continuing education.

We conducted this performance audit in accordance with 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹ Texas Intrastate Fire Mutual Aid System

² Regional Incident Management Team

³ The Texas A&M Engineering Extension Service

⁴ Southwest Texas Regional Advisory Council

Audit Results and Recommendations

A. Non-Compliance with Fiscal Requirements Outlined in Interagency Agreements and City Administrative Directives

Formal reviews are not conducted by fiscal personnel to ensure the validity and completeness of claims submitted to agencies and payments received.

The agency agreements and agency manual outline specific eligible expenses that will be reimbursed by the agency for expenses incurred by the City for participation in the deployment services. Examples of eligible expenses include: regular hours, overtime hours, backfill costs, fringe benefits, meals, lodging and use of equipment. Eligible expenses vary between the four agencies reviewed. Furthermore, the agency agreements state specific due dates for submissions.

Claim submissions are submitted to the agency for payment. The agency reviews the information and will make corrections if they feel that the eligible expenses submitted by SAFD are incorrect.

We selected a random sample of 6 of 20 deployments to test and determined that reimbursement claims and payments are not always thoroughly reviewed by fiscal personnel to ensure validity and completeness of the claims submitted and payments received.

Discrepancies identified with Reimbursement Claims

- We conducted a reconciliation between claim submission forms and the timesheets that serve as support for the number of hours worked. We identified that 1 of 6 reimbursement claim submissions lacked support to justify the number of hours worked and 2 of 6 did not agree to the number of hours reported on the timesheets.
- For the RIMT agency, the amount of hours paid was not accurate based on the criteria for hours worked. The agency agreement states that reimbursement will be made at the hourly rate or salary identified on the most current payroll printout provided by the employer. However, the hours worked during the deployment were submitted at a straight overtime rate for 100% of the time the firefighters were deployed.
- For the same claim noted previously, reimbursement of fringe benefits was not included on the department fiscal administrator's (DFA) submission form. Consequently, the City did not receive payment for fringe benefit expenses.

- We identified an overtime payroll entry that was approved in the TeleStaff system by the Payroll Manager, who also has access to process the department's payroll. Approving overtime entries by the Payroll Manager poses a segregation of duties issue.

Discrepancies identified with Reimbursement Payments

- For a total of 6 claim payments tested, we identified discrepancies for 2 firefighters where the City was not reimbursed for the correct amount. This was due to a claim submission that was adjusted by the Agency incorrectly and was not reviewed by the DFA.
- SAFD compensates deployed firefighters for 24 hour shifts regardless if they actually worked 24 hours. With the exception of one agency (TEEX), agencies reimburse the City for actual hours of service worked. Consequently, the amount of compensation reimbursed to firefighters by the City exceeds the amount of reimbursement by the agencies.

Untimely Claim Submissions/Payments

Agency agreements require the City to submit reimbursement claims within a specific timeframe from the deactivation/demobilization date. In addition, all but one agency (TEEX) provides the number of days in which the reimbursement payment will be remitted to the City.

Based on a review of reimbursement claims and payments, we noted the following:

- 3 of the 6 reimbursement claims were not submitted timely to the agencies (ranged from 20 to 99 days late).
- 3 of the 6 reimbursement payments were not received timely from the agencies (ranged from 6 to 79 days late).

Lack of reviews of reimbursement claims and related support increases the risk that the City will not be reimbursed for eligible expenses. Additionally, untimely claim submissions increase the likelihood that the City may not get reimbursed if state or federal funding is no longer available.

Recommendations

The SAFD Fire Chief should:

- Implement a standard review process to ensure compliance with fiscal guidelines outlined in the agency agreements and internal policies. Formal policies and procedures should include a review process of the

reimbursement claims and payments to ensure that all eligible expenses have been submitted and received accurately and timely. The review should be conducted by someone other than the person processing the claims.

- Remove overtime approval privileges from individuals that also process the department's payroll. Additionally, require management's written approval for any deviations.
- Ensure that payment deviations paid from actual hours of service worked are supported and approved by management.

A2. Non-Compliance with City Directive for use of P-Cards

SAFD is not in compliance with the City's P-Card Manual and SAFD Emergency Operations Center (EOC) internal policies. Specific processes in place to serve as controls were not always followed. Consequently, we noted the following:

- Required usage logs were missing required data needed to track issuance of the cards. Based on the usage logs and transaction reports reviewed, we identified 18 of the 59 (31%) card transactions (FY15 - FY16) where the logs did not include support to determine who the card had been assigned to. The 18 transactions totaled \$4,358 of the \$9,404 (46%) charged on the cards.

Department guidelines state that usage logs should be completed by the Incident Management Team (IMT) Procurement Unit Leader and City employee that the card was assigned to.

- 3 of the 6 individuals listed on the EOC P-Card Usage Logs did not attend the required P-Card training.

The City's P-Card Manual states that prior to the issuance of a P-Card, each prospective cardholder must attend orientation and training. In addition, each P-Card Program participant will be required to sign a contract acknowledging acceptance of the P-Card Program policies and procedures, and the responsibilities associated with holding or managing a City of San Antonio P-Card.

- 6 of 14 selected card transactions reviewed were not related to a deployment service. Examples of these transactions included \$546 worth of food purchases and \$190 of office supplies purchased from establishments located in San Antonio. We inquired and verified with the EOC DFA that the purchases were not related to deployment services.

Per the department's P-Card policy, only purchases required to assist in disaster relief are authorized to be made with the EOC P-cards.

Without completing all required data on the P-Card usage logs and by not ensuring that all P-Card users attend the required training, there is risk of inappropriate purchases.

Recommendations

The SAFD Fire Chief should implement monitoring controls to ensure compliance with the City's P-Card Manual and internal policies and procedures. Specifically:

- Periodic review of the usage logs should be performed by an individual that is not involved in the P-Card purchase and approval process. The reviewer should determine if the usage logs accurately reflect the purchases made with the EOC P-Cards. Purchases that do not comply with the P-Card policy should be investigated and justified.
- Implement standard monitoring controls to ensure that all applicable employees attend the required training and keep on file a copy of each employee's signed contract acknowledging acceptance of the P-Card Program policies and procedures.

A3. Non-Compliance with City Directive for Management of Accounts Receivables for Deployment Claims

The timing of the creation of the general ledger receivable account is not taking place at the time the reimbursement claim is submitted. Based on a walkthrough performed, fiscal personnel stated that they do not create the receivable in SAP until the reimbursement payment has been received from the agencies.

City Administrative Directive (AD) 8.4 – Financial Management of Accounts Receivable outlines citywide guidelines and related internal controls for management of accounts receivable and collection of City revenue. The AD requires departments to invoice/bill customers within one business day of the establishment of the receivable or no later than the end of the month when goods or services are provided.

Without creating the invoice/receivable in SAP when the reimbursement claim is submitted to the agency, fiscal personnel cannot track how long the payment has been outstanding.

Recommendation

The SAFD Fire Chief should implement a standard invoicing process to ensure compliance with City AD 8.4 – Financial Management of Accounts Receivable.

B. Lack of User Access Review for the TeleStaff System

TeleStaff system controls are not in place to effectively monitor user access and privileges. Specifically, SAFD has not implemented a formal process to add, delete, and/or modify system user accounts.

City Administrative Directive (AD) 7.8d – Access Control provides a framework for controlling access to the City’s information assets. It identifies requirements and responsibilities needed to properly manage access control, helping to ensure the confidentiality, integrity and availability of City systems. The AD states that the access authorization process should be formal, well-defined, documented, and/or auditable. In addition, logical and physical access controls implemented should be risk-based. Once access controls are implemented, they must be reviewed at least on an annual basis.

Without the effective system access controls, users can obtain unauthorized and/or inappropriate access to the system and data.

Recommendations

The SAFD Fire Chief should implement access and security controls for the TeleStaff system to ensure appropriate user access and to comply with the City’s Administrative Directives. Specifically, the process of adding and/or deleting system users should be formal, well-defined, documented, and auditable. Additionally, implement annual reviews to verify that user privileges are appropriate.

Appendix A – FY 2015 & 2016 Deployments

Agency	Deployment Name	Deployment Timeframe	Reimbursements
RIMT	Brown Ranch Fire - Rock Springs, TX	August 2015	\$ 25,492
RIMT	Buescher State Park - Smithville, TX	October 2015	15,331
RIMT	San Marcos/ Hays County	October – November 2015	4,880
STRAC	Orange County	March 2016	76,276
STRAC	Waco, Texas	April 2016	24,428
STRAC	Brazoria County	June 2016	17,066
TEEX	Severe Weather	March 2015	\$7,836
TEEX	Severe Weather	May 2015	410,822
TEEX	Tropical Storm Bill	June 2015	28,134
TEEX	Heavy Rains	October 2015	19,404
TEEX	Severe Weather	October 2015	11,106
TEEX	Severe Weather	November 2015	10,578
TEEX	Winter Tornado	December 2015	9,922
TEEX	Severe Weather	March 2016	86,107
TEEX	Severe Weather	April 2016	65,405
TEEX	Severe Weather	April 2016	7,883
TEEX	Severe Weather	May – June 2016	178,586
TEEX	Louisiana Flooding	August 2016	pending payment
TEEX	Laredo	September 2016	pending payment
TIFMAS	Brown Ranch Fire - Rock Springs, TX	August 2015	50,781
TIFMAS	Buescher State Park - Smithville, TX	October 2015	74,376
TIFMAS	Wolfforth Texas Wildfires	February 2016	24,505
TIFMAS	Fort Bend County	June 2016	pending payment
Total Reimbursements for FY 2015 & 2016			\$ 1,148,918

Source: SAP

Appendix B – Staff Acknowledgement

Sandy Paiz, CFE, Audit Manager
Christopher Moreno, CFE, Auditor in Charge
Lorenzo Garza, Auditor
Sheryl Wardashki, CPA, Auditor

Appendix C – Management Response



CITY OF SAN ANTONIO

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January 11, 2017

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City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for the Audit of San Antonio Fire Department
Public Safety Deployment Reimbursements

The San Antonio Fire Department (SAFD) has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
1	Non-Compliance with Fiscal Requirements Outlined in Interagency Agreements and City Administrative Directives The SAFD Fire Chief should: Implement a standard review process to ensure compliance with fiscal guidelines outlined in the agency agreements and internal policies. Formal policies and procedures should include a review process of the reimbursement claims and payments to ensure that all eligible expenses have been submitted and received accurately and timely. The review should be conducted by someone other than the person	3	Accept	Lawrence Trevino, Emergency Management Coordinator/Noel Horan, Assistant to the Director	March 1, 2017

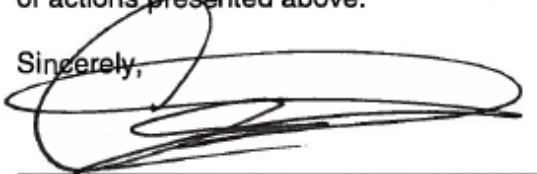
Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	processing the claims. - Remove overtime approval privileges from individuals that also process the department's payroll. Additionally, require management's written approval for any deviations. - Ensure that payment deviations paid from actual hours of service worked are supported and approved by management.				
Action plan: The SAFD is in the process of updating the Emergency Operations Center's (EOC) policies and procedures to ensure compliance with agency fiscal guidelines and internal policies are met. Policies will include processes for a second review by another person other than the person processing the claim to ensure accuracy, validity, and completeness of all eligible expenses and claim submission. The SAFD will require written documentation that all overtime entered by individuals that also process the department's payroll has been previously approved by the appropriate Shift Commander or Division Head. Additionally, payment deviations will require written approval by management.					
2	Non-Compliance with City Directive for use of P-Cards The SAFD Fire Chief should implement monitoring controls to ensure compliance with the City's P-Card Manual and internal policies and procedures. Specifically: Periodic review of the usage logs should be performed by an individual that is not involved in the P-Card purchase and approval process. The reviewer should determine if the usage logs accurately reflect the	5	Accept	Lawrence Trevino, Emergency Management Coordinator/Noel Horan, Assistant to the Director	March 1, 2017

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	purchases made with the EOC P-Cards. Purchases that do not comply with the P-Card policy should be investigated and justified. Implement standard monitoring controls to ensure that all applicable employees attend the required training and keep on file a copy of each employee's signed contract acknowledging acceptance of the P-Card Program policies and procedures.				
Action plan: The SAFD is in the process of updating the department's policies and procedures to ensure complete periodic reviews of P-Card usage logs are performed by an individual assigned to the SAFD Compliance Office that is not involved in the P-Card purchase and approval process. Policies will also include controls to ensure that all applicable employees attend the required P-Card training and that documentation of each employee's signed contract acknowledging acceptance of the P-Card Program policies and procedures is kept on file in both the EOC and the Compliance Office. All purchases that do not comply with the P-Card policy shall be thoroughly investigated by the Compliance Office, and the necessary and appropriate action will be taken.					
3	Non-Compliance with City Directive for Management of Accounts Receivables for Deployment Claims The SAFD Fire Chief should implement a standard invoicing process to ensure compliance with City AD 8.4 – Financial Management of Accounts Receivable.	6	Accept	Lawrence Trevino, Emergency Management Coordinator/Noel Horan, Assistant to the Director	March 1, 2017
Action plan: The SAFD is in the process of including a standard invoicing process in EOC's Policies and Procedures to ensure compliance with City AD 8.4 – Financial Management of Accounts Receivable.					

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
4	Lack of User Access Review for the TeleStaff System The SAFD Fire Chief should implement access and security controls for the TeleStaff system to ensure appropriate user access and to comply with the City's Administrative Directives. Specifically, the process of adding and/or deleting system users should be formal, well-defined, documented, and auditable. Additionally, implement annual reviews to verify that user privileges are appropriate.	7	Accept	Noel Horan, Assistant to the Director	March 1, 2017
Action plan: The SAFD will develop and implement access and security controls for the TeleStaff system to ensure appropriate user access and to comply with the City's IT Administrative Directives. The process of adding and/or deleting system users will be formal, well-defined, documented, and auditable. The SAFD's Management Information Systems and Personnel Services Division will collaborate to conduct annual reviews to verify that user privileges are appropriate.					

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,



Charles N. Hood
Fire Chief
San Antonio Fire Department

Date

1/11/17



Erik Walsh
Deputy City Manager
City Manager's Office

Date

1/11/17