

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM: 2.5
(ID # 28728)

MEETING DATE:
Tuesday, September 09, 2025

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2025-011: Riverside County Fire Department Audit, [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2025-011: Riverside County Fire Department Audit

ACTION:Consent


Ben J. Benoit

Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 8/29/2025

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Spiegel, seconded by Supervisor Gutierrez and duly carried, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Medina, Spiegel, Perez and Gutierrez
Nays: None
Absent: Washington
Date: September 9, 2025
xc: Auditor

Kimberly A. Rector
Clerk of the Board
By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
NET COUNTY COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: N/A	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Fire Department. This audit is conducted to provide management and the Board of Supervisors with an independent assessment of internal controls over access control management, billing for services, CAL FIRE scope of work, and cost recovery.

Based on the results of our audit, we identified improvement opportunities for internal controls over access control management, billing for services, CAL FIRE scope of work, and cost recovery that can help provide reasonable assurance that the department's objectives relating to these areas will be achieved. Specifically, the improvement opportunities are as follows: ensure employee access cards are deactivated timely upon separation, retain and monitor access card activity logs, implement tracking for temporary access card issuance and return, recognize revenue when services are rendered, confirm payment before delivering deposit-based services, perform and document payment reconciliations, write off uncollectible accounts in accordance with county policy, track CAL FIRE incident numbers to support reimbursement claims, centralize oversight of fuel key inventory and usage, establish a formal review process for CAL FIRE personnel billings, enforce timely follow-up and updates for incident billing, and implement standardized procedures for billing and recovering training-related costs.

We will follow-up in one year to determine if actions were taken to correct the findings noted.

Impact on Citizens and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: Riverside County Auditor-Controller's Office - Internal Audit Report 2025-011: Riverside County Fire Department Audit



Office of Ben J. Benoit
Riverside County Auditor-Controller

Number of Findings & Recommendations

High Risk

8 Findings
• 26 Recommendations

Medium Risk

5 Findings
• 20 Recommendations

Low Risk

0 Findings

* Please refer to Appendix A for a classification of the priority levels.

Internal Audit Report

2025-011

Riverside County Fire Department Audit

September 9, 2025



COUNTY OF RIVERSIDE
OFFICE OF THE AUDITOR-CONTROLLER

BEN J. BENOIT, AUDITOR-CONTROLLER
TANYA S. HARRIS, DPA, CPA,
ASSISTANT AUDITOR-CONTROLLER



September 9, 2025

Bill Weiser
Fire Chief
Riverside County Fire Department
210 W. San Jacinto Avenue
Perris, CA 92570

Subject: **Internal Audit Report 2025-011: Riverside County Fire Department Audit**

Dear Chief Weiser:

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Fire Department to provide management and the Board of Supervisors with an independent assessment of internal controls over access control management, billing for services, CAL FIRE scope of work, and cost recovery.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

Our conclusion and details of our audit are documented in the body of this audit report.



Internal Audit Report 2025-011: Riverside County Fire Department Audit

As requested, in accordance with paragraph III.C of the Board of Supervisors Resolution 83-338, management responded to each reported condition and recommendation contained in our report. Management's responses are included in the report. We will follow-up to verify that management implemented the corrective actions.

We thank you and your staff for the help and cooperation. The assistance provided contributed significantly to the successful completion of this audit.

Ben J. Benoit
Riverside County Auditor-Controller

By: René Casillas, CPA, CRMA
Deputy Auditor-Controller

cc: Board of Supervisors
Jeff A. Van Wagenen, Jr., County Executive Officer
Juan Perez, Chief Operating Officer
Michelle Paradise, Assistant County Executive Officer
Grand Jury



Internal Audit Report 2025-011: Riverside County Fire Department Audit

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Internal Audit Report 2025-011: Riverside County Fire Department Audit

Executive Summary

Overview

Riverside County Fire Department (Fire Department) is responsible for minimizing the frequency and severity of fires through preventive services, quickly and safely responding to all emergency services requests, and pursuing the best possible outcome for fire and emergency victims through delivery of competent fire suppression and emergency medical care. Fire Department has 95 fire stations and provides responses to Riverside County residents and 18 partner cities.

Fire Department has an adopted budget of \$520 million for FY 2024/25 and 375 adopted county positions. *County of Riverside, Fiscal Year 2024/25 Adopted Budget Volume 1, 239-240.*

Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment of the adequacy and effectiveness of internal controls over access control management, billing for services, CAL FIRE scope of work, and cost recovery. Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Audit Scope and Methodology

We conducted the audit from October 9, 2024, through May 7, 2025, for operations from July 1, 2022, through April 25, 2025.

AUDIT HIGHLIGHTS

- Separated employee access cards need to be deactivated timely.
- Access card deactivation dates and activity logs need to be retained.
- Multiple active access cards per employee need to be reviewed and limited.
- Temporary and lost access card inventories need to be tracked and documented.
- Revenue recognition must align with service delivery timing.
- Services should only be provided after payment confirmation.
- Payment reconciliation processes need to be standardized and documented.
- Billing processes must recover all required costs for mandated services.
- Aged receivables need to be written off according to policy.



Internal Audit Report 2025-011: Riverside County Fire Department Audit

Using a risk-based approach, our scope included the following:

- Access Control Management
- Billing for Services
- CAL FIRE Scope of Work
- Cost Recovery

Audit Conclusion

Based on the results of our audit, we identified improvement opportunities for internal controls over access control management, billing for services, CAL FIRE scope of work, and cost recovery that can help provide reasonable assurance that the department's objectives relating to these areas will be achieved. Specifically, the improvement opportunities are as follows: ensure employee access cards are deactivated timely upon separation, retain and monitor access card activity logs, implement tracking for temporary access card issuance and return, recognize revenue when services are rendered, confirm payment before delivering deposit-based services, perform and document payment reconciliations, write off uncollectible accounts in accordance with county policy, track CAL FIRE incident numbers to support reimbursement claims, centralize oversight of fuel key inventory and usage, establish a formal review process for CAL FIRE personnel billings, enforce timely follow-up and updates for incident billing, and implement standardized procedures for billing and recovering training-related costs.

AUDIT HIGHLIGHTS, CONTINUED

- Incident numbers must be recorded on fuel purchase records.
- A formal system is needed to track fuel key assignments, returns, and locations, along with standardized monitoring of fuel usage logs to improve oversight, accountability, and accuracy.
- CAL FIRE personnel billings need thorough review and validation.
- Training services require standardized billing and cost recovery procedures.



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Access Control Management

Background

Access control management is a crucial component of information security that involves the establishment, maintenance, and enforcement of policies and procedures to manage access to information systems, resources, and physical facilities within an organization. Access control management plays a vital role in safeguarding sensitive data, maintaining the integrity of systems, and protecting against unauthorized access or breaches. Access extends to physical access control, ensuring that only authorized personnel can enter secure areas or buildings. It is essential for protecting physical assets and sensitive information stored in physical locations.

Access card controls serve as a fundamental component in establishing and maintaining a secure physical environment within the organization. Access card controls are essential for regulating and monitoring entry and exit points, aligning with the overarching objective of fortifying the organization's security infrastructure. The utilization of identification cards or electronic access cards contributes to the establishment of robust internal controls, ensuring that access permissions are intricately configured in adherence to organizational security policies and regulatory standards. By objectively assessing the design and functionality of the access card system, the department can identify any potential vulnerabilities or inefficiencies and determine enhancements that bolster the organization's overall physical security measures.

Below, we detail some examples of instances where lapses in security measures have occurred:

- Aurora, Illinois – Henry Pratt Company Shooting (2019): A terminated employee returned to their former job and opened fire, killing five coworkers and injuring several police officers. The employee had reportedly been fired for disciplinary reasons earlier that day.¹
- Arlington, Virginia – Reagan National Airport (2013): a former contractor used an unreturned Security Identification Display Area (SIDA) security badge to slip into restricted airport areas, leading to his arrest on trespassing and burglary charges.²
- Multnomah County, Oregon (2019): A county employee was dismissed from their job but briefly continued to have access to county records where they were able to obtain the names and social security numbers of 40 clients.³

¹ "Aurora, Illinois, Gunman Who Fatally Shot 5 Vowed to Kill All His Co-Workers If He Was Fired." NBCNews.com, NBCUniversal News Group, 29 Apr. 2019.

² "Security Badge Breach at Reagan National Airport." NBCWashington.com, NBCUniversal News Group, 24 Apr. 2013.

³ "Press Release: Multnomah County Reports Security Breach after Employee Termination" | Multnomah County. Multnomah County, 2 July 2019.



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These incidents highlight the critical importance of access control policies. Ensuring access cards are promptly deactivated and collected after termination, and continuously monitoring access permissions is essential to prevent such tragedies and maintain security.

Objective

To verify the existence and adequacy of internal controls over Fire Department's access control management processes.

Audit Methodology

To accomplish these objectives, we:

- Conducted interviews with key personnel to gain an understanding of the department's access control management processes and systems.
- Obtained and reviewed relevant access control policies and procedures, including Riverside County Board Policy A-58, *Information Security Policy*, and Riverside County Information Security Standard Revision 2.0.
- Obtained and reviewed listings of active employees and those separated from the department, as well as employee time-off records during the audit review period.
- Obtained listings of active, deactivated, and temporary access cards, including records of assigned, returned, lost, or stolen access cards.
- Obtained and reviewed employee access levels, clearance codes, and access card scan logs across Fire Department facilities.
- Obtained a list of Fire Department facilities with access card systems installed.
- Verified whether employee access cards were disabled upon separation from the department and supported by sufficient documentation.
- Verified whether employee access card usage occurred during time off, holidays, outside of normal working hours, or after separation.
- Verified whether any employees had access rights exceeding those of peers in similar roles.
- Verified whether adequate controls exist over loaner and temporary access cards, and whether the lost or stolen access cards were reported and disabled in a timely manner.



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Finding 1: Timely Termination of Employee Access Cards

Priority Level: 1⁴

NIST SP 800-53, Rev. 5, PE-2, *Physical Access Authorizations*, states, “Review the access list detailing authorized facility access by individuals” and “remove individuals from the facility access list when access is no longer required.” Additionally, County of Riverside Information Security Standard Revision 2.0, Section 4.16.4, *Personnel Termination*, states, “County Departments and IT Administrators shall upon termination of individual employment: disable system access; terminate or revoke any authenticators and credentials associated with the individual; and notify personnel as appropriate.”

Eleven out of 114 (10%) employees separated from the department did not have their access cards deactivated timely (within the next business day). In addition, six employee access cards remained active as of the fieldwork date (December 4, 2024). The average time elapsed between employee separation and access card deactivation was 21 days, with the longest taking 38 days for deactivation and shortest taking 3 days. A formal policy requiring deactivation of employee access cards by the next business day after separation has not been established.

There were also four separate instances where different access cards were used after the respective employees’ separation dates. According to department personnel, these instances may be attributed to delays in employee access card retrieval at the time of separation, unauthorized access attempts by former employees, or misuse of employee access cards by individuals other than the assigned holders. However, due to the absence of supporting documentation, we were unable to independently substantiate these assertions.

Not promptly deactivating or retrieving access cards from separated employees can pose significant security and operational risks, including unauthorized entry into restricted areas, exposure of sensitive information, and access to departmental assets. Prompt deactivation and retrieval of employee access cards is essential to safeguard sensitive resources, ensure employee safety, and maintain overall departmental security.

Recommendation 1.1

Disable employee access cards within 24 hours following their separation or transfer from the department. If immediate deactivation is not possible, coordinate with RCIT to schedule the termination of access.

⁴ Please see Appendix A (page 40) for a description of the finding priority level classifications.



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Management's Response

“**Concur.** A Department policy has been established outlining the deactivation process. This process will be performed by Fire IT personnel in accordance with our internal policy (#30904).”

Actual/Estimated Date of Corrective Action: August 1, 2025

Recommendation 1.2

Establish a formal policy requiring employee access cards to be deactivated by the next business day following separation or departmental transfer.

Management's Response

“**Concur.** A policy was established on August 1, 2025, policy #30904.”

Actual/Estimated Date of Corrective Action: August 1, 2025

Recommendation 1.3

Conduct regular reviews of access card rights across all departmental access control systems to identify inactive or separated employee accounts that still retain active access.

Management's Response

“**Concur.** Internal policy #30904 requires annual reviews of access card rights and reconciliation of separated employees.”

Actual/Estimated Date of Corrective Action: August 1, 2025

Finding 2: Access Card System Limitations

Priority Level: 1⁵

County of Riverside Information Security Standard Revision 2.0, Section 4.13.6, *Monitoring Physical Access*, states, “Facility Administrators shall: monitor physical access to the facility where the system resides to detect and respond to physical security incidents; review physical access logs on an annual or as-needed basis and upon occurrence of break-ins or trespassing; and coordinate results of reviews and investigations with the organizational incident response capability.” Additionally, County of Riverside Information Security Standard Revision 2.0, Section 4.3.3, *Content of Audit Records*, states, “IT Administrators shall ensure that the system generates

⁵ Please see Appendix A (page 40) for a description of the finding priority level classifications.



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audit records containing information that establishes what type of event occurred, when the event occurred, where the event occurred, the source of the event, the outcome of the event, and the identity of any individuals or subjects associated with the event.”

Two of the department’s four access card systems are unable to provide deactivation dates due to limited reporting capabilities. Additionally, one of these systems cannot generate historical transaction logs for employees when their access has been disabled. These systems’ functionality limitations hinder the department’s ability to accurately track access card deactivations and retain historical activity data for separated personnel. Without deactivation dates and complete access card activity logs, the department is unable to monitor whether access rights are revoked timely following employee separation. This reduces accountability, increases the risk of unauthorized access, and impairs the department’s ability to investigate security incidents involving former employees.

Recommendation 2.1

Develop a process to manually track access card deactivations for systems that do not support the reporting of deactivation dates.

Management’s Response

“**Concur.** Internal policy #30904 requires the Department to maintain a log of access cards, including deactivation dates in compliance with records retention policies.”

Actual/Estimated Date of Corrective Action: August 1, 2025

Recommendation 2.2

Ensure access card transaction logs are saved and retained prior to deactivation for systems that do not support generating historical logs for deactivated access cards.

Management’s Response

“**Concur.** Internal policy #30904 requires the Department to maintain manual logs of access control systems in compliance with records retention policies, which resolves the recommendation.

The systems that do not support automated historical logs for deactivation are in the process of replacement with an estimated completion in FY 26/27.”

Actual/Estimated Date of Corrective Action: September 2, 2025



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Recommendation 2.3

Develop desk procedures that include a process to manually track access card deactivation dates for systems that do not support the reporting of deactivation dates.

Management's Response

“**Concur.** The Department chose to create an internal policy (#30904) which requires the Department to manually track access card deactivation dates in compliance with records retention policies.”

Actual/Estimated Date of Corrective Action: August 1, 2025

Finding 3: Multiple Access Card Assignments

Priority Level: 1⁶

County of Riverside Facilities Security Specification v1.2, Section 7.1.1, *Physical Security*, states, “County facilities are only accessible to authorized individuals with properly coded key cards, authorized keys or access authorization, and access to the premises is by official identification only.” Additionally, County of Riverside Information Security Standard Revision 2.0, Section 4.13.3, *Physical Access Authorizations*, states, “Facility Administrators and Information Custodians shall: secure keys, combinations, and other physical access devices; inventory physical access devices (e.g., access control system, access cards, keys) on an annual or as-needed basis; and change combinations and keys on an annual or as-needed basis and/or when keys are lost, combinations are compromised, or individuals are transferred or terminated.”

Within the department's four access card systems, we identified 12 instances where employees were assigned multiple access cards within a single system. During Fire Department's transition to new access card systems, all existing card data was transferred without review, resulting in employees retaining multiple active access cards. When employees retain multiple active access cards, it increases the risk of unauthorized access through sharing or borrowing the additional access cards, complicates activity tracking, and reduces accountability in the event of a security breach.

Recommendation 3.1

Establish and implement a formal policy limiting card issuance to one access card per employee per system.

⁶ Please see Appendix A (page 40) for a description of the finding priority level classifications.



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Management's Response

"**Concur.** Internal policy #30904 requires the Department to limit card issuance to one access card per employee."

Actual/Estimated Date of Corrective Action: August 1, 2025

Recommendation 3.2

Conduct regular reviews of access card assignments to identify employees with multiple access cards within the same system, ensuring that any redundant access cards are deactivated timely.

Management's Response

"**Concur.** Internal policy #30904 requires annual reviews of access card assignments to identify employees with multiple access cards within the same system, ensuring that any redundant access cards are deactivated timely."

Actual/Estimated Date of Corrective Action: August 1, 2025

Finding 4: Tracking Temporary and Lost Access Cards

Priority Level: 1⁷

County of Riverside Facilities Security Specification v1.2, Section 7.1.1, *Physical Security*, states, "County facilities are only accessible to authorized individuals with properly coded key cards, authorized keys or access authorization, and access to the premises is by official identification only." Additionally, County of Riverside Information Security Standard Revision 2.0, Section 4.13.3, *Physical Access Authorizations*, states, "Facility Administrators and Information Custodians shall: secure keys, combinations, and other physical access devices; inventory physical access devices (e.g., access control system, access cards, keys) on an annual or as-needed basis; and change combinations and keys on an annual or as-needed basis and/or when keys are lost, combinations are compromised, or individuals are transferred or terminated."

During the audit review period, seven instances of lost employee access cards were identified. In one instance, the lost employee access card was not deactivated timely, remaining active for nine days after being reported. Documentation was also missing for four of the seven identified incidents. Additionally, of the 50 temporary access cards active during the audit review period, 23 (46%) were missing from the department's inventory or could not be located. A formal process has not been established to monitor, track, or reconcile the issuance, return, or status of temporary access cards, including the documentation and reporting of lost or stolen access cards. Without a structured process for accountability and oversight, lost or unreturned access cards

⁷ Please see Appendix A (page 40) for a description of the finding priority level classifications.



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may remain active, increasing the risk of undetected misuse. This gap in procedure limits the department's capacity to investigate security incidents or maintain compliance with county access control standards.

Recommendation 4.1

Establish and implement desk procedures that outline the steps for issuing, returning, deactivating, and documenting lost or stolen employee and temporary access cards.

Management's Response

"Concur. The Department has chosen to create an internal policy #30904 that outlines the steps for issuing, returning, deactivating, and documenting lost or stolen employee and temporary access cards."

Actual/Estimated Date of Corrective Action: August 1, 2025

Recommendation 4.2

Establish and implement a recurring reconciliation process to regularly monitor access card inventory, ensure timely deactivation of lost access cards, and verify the return or documentation of all issued access cards.

Management's Response

"Concur. Internal policy #30904 requires annual reviews of access card inventory to ensure timely deactivation of lost access cards and verify the return or documentation of all issued access cards."

Actual/Estimated Date of Corrective Action: August 1, 2025



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Billing for Services

Background

Riverside County Board of Supervisors Policy B-4, *Rates Charged for Current Services*, provides guidance for county departments to recover the actual cost of providing services to other public agencies, various organizations, or individuals. In addition, Riverside County Ordinance 671, *Establishing Consolidated Fees for Land Use and Related Functions*, provides specific guidance and schedules of deposit-based fees for planning applications. Applicants are required to pay an initial deposit at the time of application submittal. As the project is reviewed, the planning fiscal team processes the drawdown against the deposited funds at the end of each pay period. Deposits are monitored and when 80% is depleted, the project managers reassess the work remaining on the project and requests for additional subsequent deposits.

The Office of the County Fire Marshal (Fire Marshal) provides various services, including hazard abatement inspections of undeveloped parcels within the county, review and inspection of construction developments for Riverside County and contract cities, fire life safety inspections of state-regulated occupancies, and the review and permitting of special events.

Revenue recognition is consistent between the accrual and modified accrual basis. Effective revenue recognition ensures fiscal accountability, accurate forecasting, and compliance with reporting requirements. Revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

As part of the year-end financial reporting process, departments are required to follow the Riverside County Auditor-Controller's Office guidelines, including the submission of the *Schedule C* to report outstanding accounts receivable. Specifically, departments must report any receivables greater than \$5,000 to ensure accurate and complete financial reporting.

The Auditor-Controller's Office established Standard Practice Manual 306, *Accounts Receivable Collections and Write-off Policy*, to comply with California Government Code Section 25257 for the collection and write-offs of uncollectible accounts receivable. These procedures recognize that certain amounts of bad debt will occur when account receivables are established. County departments must record account receivables timely and accurately, as well as collect receivables and review the controls to ensure timely collection. Collection procedures include diligent efforts to recover amounts owed, provided the efforts are cost-effective. The resources used to collect debts must be proportionate to the revenue owed to the County. See below for a collection's timeline table outlined in Standard Practice Manual 306:



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Timeline for Collection of Accounts Receivable	
Services Rendered, Goods Delivered, Fees Due, etc.	Day 0
Receivable is Recorded, Initial Invoice or Statement is Mailed	Day 15
First Dunning Invoice/Statement with Dunning Message No. 1	30 Days Past Due
First Telephone Contact	45 Days Past Due
Second Dunning Invoice/Statement or Collection Notice with Message No.	60 Days Past Due
Second Telephone Contact	75 Days Past Due
Final Dunning Invoice/Statement or Demand Letter with Message No. 3	90 Days Past Due
Referral of Accounts to a Collection Agency	120 Days Past Due

Objective

To verify the existence and adequacy of internal controls over Fire Department's billing for services processes.

Audit Methodology

To accomplish these objectives, we:

- Conducted interviews with key department personnel to gain an understanding of the department's billing for services processes.
- Obtained and reviewed Riverside County Ordinance 671, *Establishing Consolidated Fees for Land Use and Related Functions*, relating to fees for services performed.
- Verified whether board-approved fee rates were accurately billed based on actual hours worked and services provided.
- Obtained and reviewed Standard Practice Manual 306, *Accounts Receivable Collections and Write-off Policy*, to verify whether outstanding balances warranted write-off consideration.
- Reviewed applicable revenue recognition policies for alignment with Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP).
- Obtained and reviewed a list of services, projects, and related transactions to support audit sampling and testing.
- Selected a random sample of transactions and verified supporting documentation, including approved invoices and journal entries, for accuracy and completeness.



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- Traced selected deposit transactions to customer accounts to confirm correct application and posting.
- Reviewed outstanding balance reports and traced items to uncollected deposit-based services to evaluate collection efforts.
- Evaluated the reconciliation process by reviewing supporting documentation and confirming that fee monitoring and reconciliations were performed as intended.
- Compared the timing of service delivery to the receipt of customer deposits to determine whether revenue was recognized in the appropriate accounting period.

Finding 5: Revenue Recognition

Priority Level: 1⁸

GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, Section 1600, “Revenues and other governmental fund financial resource increments... are recognized in the accounting period in which they become susceptible to accrual, – that is, when they become both *measurable* and *available*.” Additionally, GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, states, “Recognition of advances by providers and of deferred revenues by recipients is required if assets are received before eligibility requirements are met.”

Revenue related to long-term residential development projects was recognized upon receipt of customer deposits, rather than upon completion of the corresponding services, resulting in revenue recognition based on payment timing, not service fulfillment. This condition exists due to the nature of the respective long-term residential development projects, which typically extends over multiple fiscal years and involves phased delivery of services. Recognizing revenue in a fiscal year prior to the performance of services results in financial reporting that is not aligned with accounting principles and misrepresents the actual financial position.

Recommendation 5.1

Develop and implement desk procedures that establish proper revenue recognition practices, including recording customer deposits as liabilities until the related services are rendered, to ensure compliance with GASB Statement No. 33 and 34.

⁸ Please see Appendix A (page 40) for a description of the finding priority level classifications.



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Management's Response

“Concur. The Department acknowledges this issue and will develop and implement procedures to establish proper revenue recognition practices, including recording customer deposits as liabilities until the related services are rendered, to ensure compliance with GASB Statement No. 33 and 34.”

Actual/Estimated Date of Corrective Action: September 2, 2025

Recommendation 5.2

Ensure personnel are trained on proper revenue recognition principles, emphasizing the requirement to defer revenue until services are performed and to record customer deposits as liabilities in the interim.

Management's Response

“Concur. Personnel will be trained in the new desk procedures that will align with revenue recognition principles, emphasizing the requirement to defer revenue until services are performed and to record customer deposits as liabilities in the interim.”

Actual/Estimated Date of Corrective Action: September 30, 2025

Finding 6: Tracking Payments for Services Rendered

Priority Level: 1⁹

Riverside County Ordinance 671, *Establishing Consolidated Fees for Land Use and Related Functions*, Section 1.2, *Fees*, states, “Deposits for applications will be collected upon submittal of the application. Deposits will be monitored and, when 80% is depleted, an analysis of the project will be done to determine if the remaining portion of the deposit will cover expected project completion costs.” Additionally, Standard Practice Manual 1001, *Internal Control*, states, “Records are routinely examined and reconciled to determine that transactions were properly processed.”

Based on our review of Fire Marshal's payment processes for services rendered, we identified opportunities to improve the collection, tracking, and reconciliation of payments. We noted the following:

- Annual inspection services were provided without payment, resulting in a total outstanding balance of \$154,605 as of March 3, 2025. The State mandates annual inspections for certain

⁹ Please see Appendix A (page 40) for a description of the finding priority level classifications.



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occupancy types, many of which include school districts and other government entities. As a result, these inspections must be conducted, even when reimbursement is not guaranteed. This may lead to ongoing delays in revenue collection and uncollected fees, ultimately impacting the department's operations.

- Services that require deposit-based fees continued to be provided without verifying whether payments had been received, resulting in an aggregate outstanding balance of \$98,146 as of March 3, 2025. There is an opportunity to improve the process of verifying whether payments are received prior to performing the work. This may lead to ongoing delays in revenue collection, uncollected fees, and inconsistencies in service delivery, ultimately impacting the department's operations.
- Documentation of payment reconciliation activities is not maintained, and the current process does not include a standardized method for verifying receipt of payments. This condition is a result of a jointly managed process involving Fire Marshal and another county department, allowing customers to submit payments to either entity. As a result, there is an increased risk of unrecorded or misapplied payments, which diminishes the reliability of payment records.
- Fire safety inspection services provided to cities and school districts, as mandated by the State, are performed without a formal billing workflow or cost recovery process. As a result, the associated costs are neither billed nor recovered. This issue results from the absence of formal agreements or contracts between Fire Department and the school districts that define the scope of services, responsibilities, or reimbursement terms. The absence of such agreements increases the risk of under-recovery of costs, reducing financial accountability and hindering full compensation for services provided.

Recommendation 6.1

Develop desk procedures for payment collection, reconciliation, and tracking, including steps to confirm receipt of payment before service delivery.

Management's Response

“Concur. The Department will develop desk procedures outlining payment collection, reconciliation, and tracking. The procedures will vary between ‘deposit-based fees’ and reimbursement invoicing. Personnel will ensure the deposit-based fee available aligns with the board approved rates of the services being provided. We will continue to pursue reimbursement for inspection to other governmental entities in which the Fire Department is required by state statute to conduct. The Fire Department contract cities bill for their own inspections based upon their governing bodies approval.”



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Actual/Estimated Date of Corrective Action: September 2, 2025

Recommendation 6.2

Develop and implement a process to verify payment receipt prior to providing services, ensuring outstanding balances are minimized.

Management's Response

“Concur. The Department will develop desk procedures outlining payment collection, reconciliation, and tracking. The procedures will vary between ‘deposit-based fees’ and reimbursement invoicing. Personnel will ensure the deposit-based fee available aligns with the board approved rates of the services being provided. We will continue to pursue reimbursement for inspection to other governmental entities in which the Fire Department is required by state statute to conduct.”

Actual/Estimated Date of Corrective Action: September 1, 2025

Recommendation 6.3

Develop and implement a tracking mechanism to ensure all payments received are recorded and reconciled on a regular basis.

Management's Response

“Concur. The Department will develop a desk procedure to ensure the daily deposits are reconciled utilizing the PLUS system and PeopleSoft. The PLUS system and PeopleSoft are our system of record and is the mechanism to track payments.”

Actual/Estimated Date of Corrective Action: September 2, 2025

Recommendation 6.4

Develop and implement a formal billing process to ensure all services rendered are invoiced appropriately and cost recovery is achieved.

Management's Response

“Concur. The Department will amend the current process to ensure all services rendered are invoiced appropriately and cost recovery is achieved. A draft is completed and in executive review. Once completed, training will be held with all affected employees.”



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Actual/Estimated Date of Corrective Action: September 2, 2025

Recommendation 6.5

Train appropriate personnel on the advance payment requirements and standardized reconciliation procedures to ensure consistent application.

Management's Response

"Concur. The Department will complete training on the amended policy and new procedures to ensure consistent application."

Actual/Estimated Date of Corrective Action: September 2, 2025

Finding 7: Uncollectible Receivables – Fire Marshal

Priority Level: 2¹⁰

Standard Practice Manual 306, *Accounts Receivable Collections and Write-off Policy*, states, "Departments are responsible for recording accounts receivables timely and accurately, as well as collecting receivables timely, and reviewing the control to ensure timely collections... Within 30 days from the Final Demand Letter, if the department has not received a response and all reasonable attempts to collect payment have failed, a transfer form [is] to be completed and sent to the Auditor-Controller's Office." Additionally, "Any account under \$1,000 is deemed uncollectible, and may be written-off by the Billing Supervisor, after collection efforts have failed. Department Heads have the authority to write-off accounts under \$5,000. Any account over \$5,000 will require approval from the Board of Supervisors prior to be written-off."

A review of the department's accounts receivable aging report identified \$179,837 in uncollectible balances that should have been written off as of February 13, 2025, in accordance with the 120-day threshold outlined in Standard Practice Manual 306. Additionally, these uncollected receivables were not completely reported to the Auditor-Controller's Office through the required year-end form Schedule C. While the department utilizes Riverside County Ordinance 787, *Fire Code Standards*, to authorize cost recovery for Fire Marshal services and Ordinance 671, *Consolidated Fees for Land Use and Related Functions*, to establish the fee structure, there is no established process for pursuing and collecting overdue customer payments. In the absence of a defined process, accounts receivable balances may continue to grow, increasing the risk of uncollectible amounts and potential write-offs. Developing and documenting a formal collection and write-off process helps ensure consistent practices, improves financial accuracy, and supports compliance with Standard Practice Manual 306.

¹⁰ Please see Appendix A (page 40) for a description of the finding priority level classifications.



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Recommendation 7.1

Ensure adherence to the guidelines in Standard Practice Manual 306 regarding the collection, reporting, and write-off of accounts receivable and bad debt.

Management's Response

“Concur. The Department will document and adhere to the guidelines in Standard Practice Manual 306 regarding the collection, reporting, and write-off of accounts receivable and bad debt.”

Actual/Estimated Date of Corrective Action: September 2, 2025

Recommendation 7.2

Implement regular management review of accounts receivable and write-off processes to ensure timely and accurate handling.

Management's Response

“Concur. The Department will develop a procedure requiring regular management review of accounts receivable and write-off processes to ensure timely and accurate handling.”

Actual/Estimated Date of Corrective Action: September 2, 2025

Recommendation 7.3

Ensure accounts receivable are accurately reported in the Riverside County Financial System by submitting the required year-end schedules to the Auditor-Controller's Office.

Management's Response

“Concur. The Department will complete the appropriate year-end schedule as related to uncollectable receivables. The next available completion of year-end schedule is the end of FY 25/26.”

Actual/Estimated Date of Corrective Action: June 30, 2026



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Recommendation 7.4

Establish desk procedures for pursuing and collecting overdue customer payments in accordance with Ordinance 671 and 787.

Management's Response

“**Concur.** The Department will establish a desk procedure and train appropriate personnel on the process.”

Actual/Estimated Date of Corrective Action: October 31, 2025

CAL FIRE Scope of Work

Background

The County of Riverside entered into a *Fire Protection Reimbursement Agreement* with CAL FIRE, effective from July 1, 2023, through June 30, 2026. Under this agreement, CAL FIRE provides the County with comprehensive fire protection and emergency services, including structural and wildland fire response, emergency medical services, hazardous materials incident management, fire prevention, and public education. The agreement outlines general financial responsibilities, operational oversight, staffing, training, equipment use, and reimbursement policies for both agencies. The agreement also includes procedures for cost recovery, billing cycles, and compliance with State standards, including public safety statutes and administrative procedures.

As outlined in the agreement, CAL FIRE is responsible for ensuring that adequate training programs are instituted on a regular basis for all personnel delivering services under the cooperative arrangement. This includes basic and advanced fire suppression, emergency medical response, hazardous materials handling, and technical rescue operations. Training is an essential component of the service delivery framework and is treated as a reimbursable cost to Fire Department. All training activities must comply with CAL FIRE's standards and are critical to maintain operational readiness and legal compliance, particularly under OSHA and POST regulations.

Fuel costs incurred within the Local Responsibility Area in the operation and deployment of fire service vehicles and equipment fall under the County's financial responsibility. These costs are considered part of the actual and direct expenses reimbursed to the State and are included in the quarterly invoices submitted by CAL FIRE. Fuel usage is a variable operating cost tied to the volume of emergency responses and training exercises. Proper accounting and reconciliation of



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fuel expenditures are necessary to ensure transparency, support accurate billing, and validate compliance with budget appropriations and agreement provisions. WEX fuel cards issued by both the State and the County are used to facilitate fuel purchases for emergency operations and training activities. These transactions are typically linked to specific incident numbers to support cost attribution and reimbursement. Coordination between CAL FIRE and Fire Department is necessary to ensure that incident numbers are consistently captured and associated with fuel card usage.

Objective

To verify the existence and adequacy of internal controls over Fire Department's management of CAL FIRE scope of work.

Audit Methodology

To accomplish these objectives, we:

- Conducted interviews with key personnel to gain an understanding of the department's management over CAL FIRE scope of work.
- Reviewed the *Fire Protection Reimbursement Agreement* to gain an understanding of key provisions.
- Conducted site visits to fuel stations to verify fuel usage, billing practices, key issuance and distribution, and reconciliation procedures.
- Assessed internal processes for issuing, returning, and reconciling fuel keys, and reviewed inventory tracking records for accuracy and completeness.
- Examined WEX fuel card transactions for FY 2023–24 and FY 2024–25 to verify inclusion of incident numbers.
- Sampled fuel log entries and reconciled them to fuel purchases and vehicle assignments to verify accuracy.
- Observed fuel log management practices to identify gaps in oversight, monitoring, and consistency.
- Obtained and verified a sample of billable and non-billable emergency incidents during the audit period.



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- Reviewed reimbursement claims submitted to CAL FIRE and assessed supporting documentation.
- Reviewed billing reconciliations to CAL FIRE for timeliness, internal review processes, and adequacy of supporting documentation.
- Analyzed the time between receiving CAL FIRE reports and submitting related billings to evaluate compliance with required schedules.
- Assessed CAL FIRE billing invoices for personnel-related costs and verified whether an independent review process was in place.
- Requested detailed invoice support from CAL FIRE to determine whether documentation was sufficient for validation.
- Evaluated communication practices between Fire Department and CAL FIRE regarding billing expectations, documentation standards, and reporting timelines.

Finding 8: Tracking WEX Fuel Card Incident Numbers

Priority Level: 1¹¹

Fire Department's *Fire Protection Reimbursement Agreement*, Exhibit B, *Budget Detail and Payment Provisions*, Section 3, *Reimbursement of County Resources for State Mission*, states, "[CAL FIRE] shall reimburse the [Fire Department] for the cost of using [Fire Department] personnel and equipment described in Exhibit D, Schedule C while performing on behalf of a [CAL FIRE] mission or responsibility within or outside of Riverside County." The section further states, "[Fire Department] is entitled to reimbursement for the following costs, but is not limited to suppression, incident, supplies or services, and investigation assistance requested by [CAL FIRE]; including any appropriate administrative fee representing the [Fire Department's] costs."

Incident numbers assigned to CAL FIRE-initiated emergency responses are not consistently communicated to Fire Department when a County WEX card is utilized for fuel. Communication between CAL FIRE field personnel and Fire Department staff appears to be informal and inconsistent, creating difficulty in obtaining incident numbers needed to support reimbursement documentation. As a result, reimbursement claims submitted to CAL FIRE may lack the required incident number needed to support related expenses. During our initial review on March 6, 2025, we identified unrecovered costs from denied CAL FIRE reimbursements totaling \$25,884 for FY 2023–24 and \$67,106 for FY 2024–25. However, following discussions with department management, we confirmed that, as of July 29, 2025, these amounts had been fully paid by CAL FIRE. Although the amounts were paid, there is currently no internal process in place to identify

¹¹ Please see Appendix A (page 40) for a description of the finding priority level classifications.



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or track incident numbers associated with WEX fuel card transactions. The absence of a communication and tracking mechanism for incident numbers held by CAL FIRE has prevented the proper linkage of incident numbers to fuel card usage, resulting in incomplete documentation when submitting reimbursement requests. Without the required incident number, CAL FIRE cannot validate the expenses, resulting in claim denials. Although these specific denied claims have since been resolved, they accounted for nearly \$93,000 in unrecovered costs over two fiscal years and highlight a continuing risk that may affect Fire Department's ability to recover eligible emergency response expenses in the future.

Recommendation 8.1

Develop and implement a formal communication between CAL FIRE personnel and Fire Department staff to ensure timely and consistent sharing of incident numbers for all CAL FIRE-initiated emergency responses involving County WEX fuel card charges.

Management's Response

"Concur. The Department will develop a policy requiring WEX receipts with incident numbers for all costs associated with an emergency incident."

Actual/Estimated Date of Corrective Action: November 1, 2025

Recommendation 8.2

Develop and implement a process to track and link WEX fuel card transactions with the appropriate CAL FIRE incident numbers to ensure complete documentation is available for reimbursement claims.

Management's Response

"Concur. The Department will develop a policy requiring WEX receipts with incident numbers for all costs associated with an emergency incident and provide training to all personnel."

Actual/Estimated Date of Corrective Action: December 1, 2025

Recommendation 8.3

Work with CAL FIRE to revise the Fire Protection Reimbursement Agreement to explicitly address the inclusion of fuel cards and related operational expenses as eligible for reimbursement.



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Management's Response

“**Concur.** Updated language will be proposed in the next contract renewal with CAL FIRE. The current contract expires on June 30, 2026.”

Actual/Estimated Date of Corrective Action: June 30, 2026

Finding 9: Fuel Key Inventory Management

Priority Level: 1¹²

Standard Practice Manual 1001, *Internal Control*, states, “Equipment, inventories, cash and other property are secured physically, counted periodically and compared with control records.” Additionally, Fire Department’s *Fire Protection Reimbursement Agreement*, Exhibit A, *Scope of Work*, Section 7, *Equipment/Personal Property Purchase and Accounting*, states, “All property provided by [Fire Department] and by [CAL FIRE] for the purpose of providing Services under this Agreement shall be marked and accounted for by the Unit Chief in such a manner as to conform to the regulations, if any, established by the parties for the segregation, care, and use of the respective properties.”

During our site visits, we identified opportunities to strengthen internal controls related to the management and oversight of physical fuel keys and fuel usage logs maintained at fire stations. Specifically, we noted the following:

- The department does not have a formal system in place for tracking the assignment, return, and location of their 359 issued physical fuel keys. While CAL FIRE oversees the operational aspects of fuel key distribution and collection, Fire Department has not established formal oversight procedures or maintained adequate supporting documentation. In the absence of a structured tracking and recordkeeping process, there is an increased risk of unauthorized fuel use, limited oversight, reduced accountability, and challenges in reconciling fuel transactions.
- Fuel usage logs are not consistently monitored, and no formal process exists to ensure all fuel usage is accurately recorded. Current tracking procedures are primarily manual, decentralized, without standardized processes and system-based controls, and without consistent oversight and documentation. As a result, this impacts the accuracy and reliability of fuel consumption records. Without formal validation procedures, it is difficult to verify key information, such as who accessed the fuel, the operational purpose, date, vehicle and incident numbers, driver signature, and the amount dispensed. This can impact the accuracy of billing submitted to CAL FIRE and limits the department’s ability to identify discrepancies and ensure accountability.

¹² Please see Appendix A (page 40) for a description of the finding priority level classifications.



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Recommendation 9.1

Establish a centralized process to track the issuance, return, and current status of all fuel keys.

Management's Response

"Concur. The Department is currently in the procurement process for an automated fueling system that will replace the need for employees to utilize keys. We are using the current county standard established by County Fleet. This will impact approximately 50 locations countywide."

Actual/Estimated Date of Corrective Action: June 30, 2026

Recommendation 9.2

Establish desk procedures for fuel key management, requiring documentation of all issuances and returns, including management signatures and dates.

Management's Response

"Concur. The Department is currently in the procurement process for an automated fueling system. Desk procedures are already established for the automated fueling stations currently operational."

Actual/Estimated Date of Corrective Action: June 30, 2026

Recommendation 9.3

Establish a formal review and approval process for fuel usage logs, specifically for manual fueling stations.

Management's Response

"Concur. The Department Fleet Service Division will develop a procedure that includes a formal review of the automated logs and fuel usage. This procedural review will begin based on the installation at each location."

Actual/Estimated Date of Corrective Action: October 31, 2025



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Recommendation 9.4

Establish a centralized process to coordinate with Fire Department and CAL FIRE on monitoring fuel key activity, including the review of usage logs, reconciliation of records, and follow-up on discrepancies.

Management's Response

“Concur. The Department Fleet Service Division will develop a procedure that includes review of usage logs, reconciliation of records, and follow-up on discrepancies. This procedural review will begin based on the installation at each location.”

Actual/Estimated Date of Corrective Action: October 31, 2025

Recommendation 9.5

Conduct periodic reconciliations of the fuel key inventory to identify discrepancies.

Management's Response

“Concur. The Technology Division will develop a procedure that includes the reconciliation of fuel logins and will identify discrepancies.”

Actual/Estimated Date of Corrective Action: October 31, 2025

Recommendation 9.6

Deliver ongoing training sessions to all personnel involved in fuel management to reinforce procedural requirements, including accurate logging, required data elements, and adherence to review and reconciliation protocols.

Management's Response

“Concur. The Department Fleet Service Division will develop ongoing training sessions to all personnel involved in fuel management as the automated fuel systems are implemented county-wide.”

Actual/Estimated Date of Corrective Action: October 31, 2025



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Finding 10: Billing from CAL FIRE

Priority Level: 2¹³

Standard Practice Manual 1001, *Internal Control*, states, “Records are routinely examined and reconciled to determine whether transactions were properly processed.” Also, Fire Department’s *Fire Protection Reimbursement Agreement*, Exhibit B, *Budget Detail and Payment Provisions*, Section 1(E), *Payment for Services*, states, “Invoices shall include actual or estimated costs as provided herein of salaries and employee benefits for those personnel employed, charges for operating expenses and equipment and the administrative charge in accordance with Exhibit D, Schedule A. When Contractual rates are indicated, the rate shall be based on an average salary plus all benefits.”

Billing invoices submitted by CAL FIRE for personnel-related costs are not subject to a comprehensive review by Fire Department. Currently, review efforts are primarily focused on miscellaneous expenses, while charges for salaries are not verified. The existing process relies on CAL FIRE to ensure the accuracy of these personnel-related billing details. Because Fire Department does not have direct access to CAL FIRE’s payroll system and only receives invoices in PDF format, conducting a comprehensive analysis or reconciliation may not be possible. Without a formal review of personnel-related charges, Fire Department cannot fully validate the costs associated with CAL FIRE staff salaries and benefits. This increases the risk of undetected billing errors or overcharges. Additionally, the absence of detailed supporting documentation further hinders the County’s ability to assess the reasonableness of costs and resolve discrepancies promptly.

Recommendation 10.1

Amend the established internal review process for CAL FIRE billings to include both miscellaneous and personnel-related charges, to ensure consistency and completeness in the review.

Management’s Response

“**Concur.** The Department currently reviews in detail all miscellaneous costs in the CAL FIRE billings. The personnel charges are verified via the ‘sampling process’ to the State’s personnel roster. Working with CAL FIRE and the Auditor Controller, we will establish an acceptable process in which to review the CAL FIRE billings in more detail. The Department will request the Auditor Controller assistance on the acceptable source document to audit the billing against.”

Actual/Estimated Date of Corrective Action: September 2, 2025

¹³ Please see Appendix A (page 40) for a description of the finding priority level classifications.



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Recommendation 10.2

Collaborate with CAL FIRE to develop a process that supports efficient reconciliation and data validation, ensuring accurate billing information.

Management's Response

“Concur. The Department will request billing information from CAL FIRE in a raw data format and will propose this change in the upcoming contract renewal with CAL FIRE. Working with CAL FIRE and the Auditor Controller, we will establish an acceptable process in which to review the CAL FIRE billings in more detail. The Department will request the Auditor Controller assistance on the acceptable source document to audit the billing against.”

Actual/Estimated Date of Corrective Action: April 30, 2026

Cost Recovery

Background

Cost recovery is a key process that enables county departments to recover the costs of providing services to external parties, including other departments, public agencies, organizations, and individuals. In accordance with county policy, service charges are set to reflect the full cost of services, support financial accountability, and encourage responsible use of public resources. County practices are guided by Board of Supervisors Policy B-4, *Rates Charged for Current Services*, which authorizes cost recovery when appropriate. This policy applies to services provided both within the county and to outside entities. Departments are responsible for regularly reviewing and adjusting rates to ensure accuracy, with oversight from the Riverside County Auditor-Controller's Office and the Executive Office.

Fire Department operates under a more detailed cost recovery framework established by Riverside County Ordinance 787, *Fire Code Standards*. This ordinance authorizes the department to bill individuals or entities for the cost of emergency response services, such as fire suppression, rescue, medical aid, and investigations, when incidents are caused by negligent, intentional, or unlawful actions. Typical examples include traffic accidents and hazardous material spills. Fire Department manages the cost recovery process through an internal billing system, which includes tracking and invoicing, while payments are ultimately processed through the Riverside County Financial System.



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Operational procedures are further defined in internal policies which govern how incidents are identified, documented, and billed. Billing responsibilities are shared with CAL FIRE based on cost thresholds, requiring close coordination and accuracy. Given the volume and complexity of responses, cost recovery is a critical financial function and poses significant operational risk if not consistently and effectively managed.

In addition to incident-related services, Riverside County provides training for fire personnel under its cooperative agreement with CAL FIRE. Although Fire Department does not directly employ firefighters, it supports operational readiness by delivering training aligned with local service expectations. These services are part of the Riverside County's broader administrative and logistical support functions, which contribute to the overall effectiveness of fire and emergency response across the county.

Objective

To verify the existence and adequacy of internal controls over Fire Department's cost recovery processes.

Audit Methodology

To accomplish these objectives, we:

- Conducted interviews with key personnel to gain an understanding of the department's cost recovery processes.
- Reviewed governing documents, including Riverside County Ordinance 787, *Fire Code Standards*, and Board Policy B-4, *Rates Charged for Current Services*, to confirm the department's authority and framework for cost recovery.
- Evaluated the department's cost recovery policies and procedures, including workflows, billing criteria, processes, and documentation requirements.
- Reviewed Standard Practice Manual 306, *Accounts Receivable Collections and Write-Off Policy*, to assess expectations for receivables management compliance.
- Obtained and reviewed listings of billable and unbillable incidents during the audit period.
- Reviewed billing packages to verify justification for unbillable incidents, invoice accuracy and timeliness, and adherence to Fire Department Policy F-101, *Identifying Billable Incidents and Preparing the Initial Billing Package*, and F-102, *Incident Billing Procedure*.



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- Obtained and analyzed the accounts receivable aging report to evaluate collection efforts and timeliness of accounts receivable management.
- Obtained listings of all training courses conducted during the audit period, along with associated invoice and revenue logs.
- Verified the existence of sign-in sheets for sampled training sessions, supporting billing documentation, and receipt of payments for billable training events.
- Confirmed that all billing, follow-up, and write-off activities were properly documented and performed in accordance with applicable policies and procedures.

Finding 11: Debt Collection Process – Incident Response

Priority Level: 2¹⁴

Standard Practice Manual 306, *Accounts Receivable Collections and Write-off Policy*, states, “Departments are responsible for recording accounts receivables timely and accurately, as well as collecting receivables timely, and reviewing the control to ensure timely collection. Within 30 days from the Final Demand Letter, if the department has not received a response and all reasonable attempts to collect payment have failed, a transfer form [is] to be completed and sent to the Auditor-Controller's Office.” Additionally, “Any account under \$1,000 is deemed uncollectible, and may be written-off by the Billing Supervisor, after collection efforts have failed. Department Heads have the authority to write-off accounts under \$5,000. Any account over \$5,000 will require approval from the Board of Supervisors prior to be written-off.”

As of January 30, 2025, Fire Department had a total of \$4,135,946 in accounts receivable from billed incident responses that were deemed uncollectible and appropriate for write-off (older than 120 days), with some accounts originating as early as 1998. These receivables are tracked in the department’s internal billing system, rather than in the Riverside County Financial System. As a result, the balances fall outside the scope of regular county financial oversight and reporting, reducing the urgency to initiate timely write-off actions. Not writing off bad debt in accordance with Standard Practice Manual 306 leads to overstated accounts receivable, provide an incomplete picture of the department's financial position, and reduced transparency regarding collectible revenue. Furthermore, maintaining these balances exclusively in the department’s internal billing system impedes effective monitoring and follow-up and jeopardizes the County’s compliance with regulatory requirements.

¹⁴ Please see Appendix A (page 40) for a description of the finding priority level classifications.



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Recommendation 11.1

Develop and implement formal procedures to ensure consistent and timely compliance with Standard Practice Manual 306.

Management's Response

“Concur. The current procedures will be amended and implemented to align with the standard practice manual. Upon review of the outstanding receivables, it was determined that a few were related to court ordered restitution that spans a longer period outside of the standard practice manual. We will work with the Auditor Controller and outline within our updated procedures on how to address and track these types of unique receivables.”

Actual/Estimated Date of Corrective Action: October 31, 2025

Recommendation 11.2

Ensure that all accounts receivable are properly recorded in the Riverside County Financial System.

Management's Response

“Concur. The current procedures will be amended and implemented to align with the Standard Practice Manual and year end schedule documentation.”

Actual/Estimated Date of Corrective Action: October 31, 2025

Recommendation 11.3

Implement regular management review of accounts receivable and write-off processes to ensure timely and accurate handling.

Management's Response

“Concur. The current procedures will be amended and implemented to provide regular review and write-off processes by management and executives.”

Actual/Estimated Date of Corrective Action: October 31, 2025



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Recommendation 11.4

Maintain adequate documentation in the Riverside County Financial System to support the timely and accurate submission of year-end accounts receivable aging schedules to the Auditor-Controller's Office.

Management's Response

“Concur. The Department will follow the Year End Manual with the submission of year-end accounts receivable schedules and submit by the Auditor Controller's established deadlines. The next opportunity will be at the fiscal year end of FY 25/26.”

Actual/Estimated Date of Corrective Action: June 30, 2026

Finding 12: Incident Billing Process

Priority Level: 2¹⁵

Fire Department's Policy F-102, *Incident Billing Procedure*, states, “Cost Recovery Personnel are responsible for all phases of County cost recovery, including identifying, processing, collecting and reporting every billable incident for which [Fire Department] responds to.” This policy requires that billing packages be completed and submitted timely, stating that, “all invoices will have a due date of 60 days completion deadline from the date of the incident.” It also notes that “the Statute of Limitations for all incident types is 24 months (2 years) from the date of the incident.” Additionally, this policy requires ongoing follow-up efforts, stating that, “all active case files, regardless of type, must have some action taken at least once per month,” unless the case has been formally approved for archive.

We identified the following in our review of incident billings:

- Thirty-one out of 57 (54%) randomly selected billable incidents were not followed up timely per Fire Department's Policy F-102. Specifically, cost recovery personnel did not consistently send “Second Notices,” “Final Letters of Demand,” or submit overdue cases to the California Franchise Tax Board within the required timeframes.
- Eight out of 57 (14%) randomly selected billable incidents that have already been dismissed still appear in Fire Department's internal billing system with either outstanding invoice balances or incorrect payment statuses.

¹⁵ Please see Appendix A (page 40) for a description of the finding priority level classifications.



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- Thirty-six out of 57 (63%) randomly selected billable incidents did not have billing packages prepared within the required timeframe due to delays in requesting incident reports and in assembling the billing packages.
- Thirty-one out of 60 (52%) randomly selected unbillable incidents were deemed unbillable due to delays in the recovery process, including late requests for incident reports and billing package preparation.

While formal internal procedures are in place, there are still opportunities to strengthen internal controls that facilitate consistent compliance with cost recovery policies. Specifically, the absence of a structured process to monitor case progress, enforce timely requests for incident reports, and track key follow-up actions, such as issuing “Letters of Demand” and submitting delinquent accounts to the California Franchise Tax Board, has led to delays in the cost recovery process. These delays have contributed to missed deadlines, incidents becoming unbillable, reduced recovery of costs, and inaccuracies in financial records. Insufficient enforcement of established procedures and inconsistent execution pose financial and operational risks, including potential revenue loss, reduced accountability of responsible parties, and diminished effectiveness of Fire Department’s cost recovery efforts.

Recommendation 12.1

Ensure cost recovery personnel consistently follow-up on invoiced incidents, in accordance with Fire Department’s Policy F-102, *Incident Billing Procedure*.

Management’s Response

“**Concur.** The current procedures will be amended and implemented to better strengthen controls. The procedures will also address the follow-up as appropriate. Our cost recovery includes billings to other governmental entities, FEMA, court ordered restitution, etc.. that may span a longer period of follow-up or have no manner in which to submit a follow-up notice. We will work with the Auditor Controller and outline within our updated procedures on how to address and track these types of unique receivables.”

Actual/Estimated Date of Corrective Action: October 31, 2025

Recommendation 12.2

Develop and implement a formal supervisory review process for billable incident cases, including documented signoffs.



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Management's Response

"**Concur.** The current procedures will be amended and implemented to allow for document signoffs and supervisory review."

Actual/Estimated Date of Corrective Action: October 31, 2025

Recommendation 12.3

Formalize desk procedures to ensure that dismissed or closed incident cases are updated in Fire Department's internal billing system within a clearly defined timeframe.

Management's Response

"**Concur.** The current procedures will be amended and implemented to better strengthen control and ensure that dismissed or closed incident cases are updated and reviewed by management."

Actual/Estimated Date of Corrective Action: October 31, 2025

Recommendation 12.4

Ensure cost recovery personnel obtain all necessary documents to prepare billing packages timely in accordance with Fire Department's Policy F-102, *Incident Billing Procedure*.

Management's Response

"**Concur.** The amended procedures will outline the estimate time frame in which all necessary documents are to be collected. It will also outline the documentation of the request for those documents. The documents necessary for a billing package may be collected from several resources outside the control of the Department. This information and any possible limitations will be outlined in procedure along with the documentation of every request."

Actual/Estimated Date of Corrective Action: October 31, 2025

Recommendation 12.5

Provide periodic training to cost recovery personnel on timeliness standards and expectations.

Management's Response

"**Concur.** As part of the newly amended procedures, periodic training will be implemented."



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Actual/Estimated Date of Corrective Action: November 31, 2025

Finding 13: Billing for Training

Priority Level: 2¹⁶

Riverside County Board Policy B-4, *Rates Charged for Current Services*, states, “charges should recover actual costs of providing the services,” and that, “all county departments will evaluate existing charges for services and in conjunction with the Auditor-Controller and the Executive Officer make recommendations to the Board of Supervisors on changes annually during the preparation of the county budget or more frequently if necessary.” Additionally, Fire Department’s *Fire Protection Reimbursement Agreement*, Exhibit B, *Budget Detail and Payment Provisions*, Section 1(B), *Payment for Services*, states, “[Fire Department] shall be responsible for all actual [CAL FIRE] costs, direct and indirect, required to execute the terms of this Agreement. These costs shall include but not be limited to required training and associated post coverage, employee uniform and Personal Protective Equipment (‘PPE’) costs.”

Although the cooperative agreement assigns training responsibilities to the County, Fire Department remains responsible for establishing internal guidelines to ensure transparency, consistency, and compliance with cost recovery policies. However, Fire Department has not developed formal procedures for calculating training costs, determining billing timeliness, or applying pricing distinctions between employee classifications (county versus state) and course types (certification versus non-certification). While the cooperative agreement includes general language addressing training and reimbursement, it does not clearly define the scope, type, or frequency of training services eligible for cost recovery.

Additionally, responsibilities for training-related billing, such as tracking and collecting payments, and invoicing, such as generating and sending invoices, are divided between the Ben Clark Training Center and Fire Department administration. There is no centralized tracking system or standardized workflow to ensure coordination. Ben Clark Training Center manages course invoicing and maintains revenue records in a standalone Excel file, while Fire Department administration bills CAL FIRE for non-covered employees, often relying on delayed or incomplete documentation due to limited coordination. In the absence of formalized procedures and centralized oversight, training charges are inconsistently applied, increasing the risk of under-recovery of costs, reduced financial accountability, and noncompliance with established cost recovery policies.

Recommendation 13.1

Develop and implement a structured methodology for setting training course pricing.

¹⁶ Please see Appendix A (page 40) for a description of the finding priority level classifications.



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Management's Response

“Concur. In cooperation with CAL FIRE, a financial structured methodology will be developed to determine training course pricing.”

Actual/Estimated Date of Corrective Action: July 1, 2026

Recommendation 13.2

Establish formal billing guidelines that clearly define when and how training services should be invoiced. These guidelines should address distinctions between employee classifications (county versus state) and course types (certification versus non-certification).

Management's Response

“Concur. In cooperation with CAL FIRE, formal billing guidelines will be established that clearly define when and how training services should be invoiced. These guidelines will address distinctions between employee classifications and course types.”

Actual/Estimated Date of Corrective Action: December 31, 2025

Recommendation 13.3

Clarify, through internal policy or guidance, the scope, type, and frequency of training services considered eligible for cost recovery, in alignment with the cooperative agreement.

Management's Response

“Concur. With the upcoming renewal of the cooperative agreement, the Department will work through the established process on a proposed contract language to assist with this alignment.”

Actual/Estimated Date of Corrective Action: June 30, 2026

Recommendation 13.4

Create and maintain a centralized training billing log and monitoring process to track all training sessions, including billing status, responsible parties, and applicable cost recovery criteria.



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Management's Response

"Concur. In cooperation with the Department's accounts receivable unit, a centralized log will be developed along with procedures for use in the Training Bureau."

Actual/Estimated Date of Corrective Action: October 31, 2025

Recommendation 13.5

Provide cost recovery personnel with regular training on updated billing procedures to promote consistent application and compliance.

Management's Response

"Concur. In cooperation with the Department's accounts receivable unit, procedures will be developed along with regular training."

Actual/Estimated Date of Corrective Action: October 31, 2025



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Appendix A: Finding Priority Level Classification

Priority Level 1	Priority Level 2	Priority Level 3
<p>These are audit findings that represent the most critical issues that require immediate attention and pose a significant risk to the department’s objectives, compliance, security, financial health, or reputation. They may indicate serious control failures, non-compliance with laws or regulations, significant financial errors, or vulnerabilities with severe potential impact. Immediate corrective measures are necessary to mitigate the risks associated with these findings.</p>	<p>These are audit findings that are important and require timely resolution, but their impact is not as severe as Priority Level 1. They may highlight moderate control weaknesses, areas of non-compliance with internal policies and procedures, or financial discrepancies that are significant but are not critical. While they might not pose an immediate threat, they should be addressed promptly to prevent further escalation or potential negative consequences.</p>	<p>These are audit findings that are less critical and generally have a lower impact on the department’s objectives, compliance, or operations. They may include minor control deficiencies, procedural deviations with minimal impact, or non-critical administrative errors. While they may not require immediate attention, they should still be acknowledged and addressed within a reasonable timeframe to ensure ongoing improvement and prevent potential accumulation of minor issues.</p>
<p><u>Expected Implementation Date of Recommendation*</u> One to three months</p>	<p><u>Expected Implementation Date of Recommendation *</u> Three to six months</p>	<p><u>Expected Implementation Date of Recommendation *</u> Six to twelve months</p>

* Expected completion to implement recommendation date begins after issuance of final audit report.