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# ORANGE COUNTY FIRE AUTHORITY

## FOR THE FISCAL YEARS END JUNE 30, 2019

SINGLE AUDIT REPORT

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ORANGE COUNTY FIRE AUTHORITY

SINGLE AUDIT REPORT

JUNE 30, 2019

**ORANGE COUNTY FIRE AUTHORITY**

**JUNE 30, 2019**

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	1
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance .....	3
Schedule of Expenditures of Federal Awards for the Fiscal Year Ended June 30, 2019.....	6
Notes to the Schedule of Expenditures of Federal Awards .....	7
Schedule of Findings and Questioned Costs for the Fiscal Year Ended June 30, 2019.....	8
Summary Schedule of Prior Year Findings and Questioned Costs for the Fiscal Year Ended June 30, 2018.....	11



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Board of Directors  
Orange County Fire Authority  
Irvine, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County Fire Authority, (the Authority) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 21, 2019.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.





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To the Board of Directors  
Orange County Fire Authority  
Irvine, California

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lance, Soll & Lughard, LLP*

Brea, California  
October 21, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Board of Directors  
Orange County Fire Authority  
Irvine, California

**Report on Compliance for Each Major Federal Program**

We have audited the Orange County Fire Authority (the Authority)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2019. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Orange County Fire Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.



To the Honorable Board of Directors  
Orange County Fire Authority  
Irvine, California

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the Authority, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated October 21, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements.



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To the Honorable Board of Directors  
Orange County Fire Authority  
Irvine, California

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Lance, Solt & Lughard, LLP*

Brea, California  
October 21, 2019



ORANGE COUNTY FIRE AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Program / Project Identification Number	Pass-Through Entity Identifying Number	Expenditures
<b>U.S. Department of Homeland Security:</b>				
Direct assistance via Federal Emergency Management Agency				
National Urban Search and Rescue (US&R) Response System				
2015 Cooperative Agreement Supplemental	97.025	EMW-2015-CA-00014A	N/A	\$ 49,151
2016 Cooperative Agreement	97.025	EMW-2016-CA-00013	N/A	63,006
2016 Cooperative Agreement 1st Supplemental	97.025	EMW-2016-CA-00013A	N/A	8,696
2017 Cooperative Agreement	97.025	EMW-2017-CA-00039	N/A	531,864
2018 Cooperative Agreement	97.025	EMW-2018-CA-00006	N/A	653,655
<b>Subtotal - CFDA 97.025</b>				<b>1,306,372</b>
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2016-FH-00565	N/A	1,322,639
<b>Subtotal - CFDA 97.083 *</b>				<b>1,322,639</b>
<b>Homeland Security Grant Program:</b>				
Passed through the Orange County Sheriff's Department:				
2016 Orange County Intelligence Assessment Center	97.067	DHS 2016-SS-00102	11-195-0874	9,882
2017 Orange County Intelligence Assessment Center	97.067	DHS 2017-SS-00083	11-195-0874	147,491
2018 Orange County Intelligence Assessment Center	97.067	DHS 2018-SS-00054	11-195-0874	11,527
Subtotal - Passed through the Orange County Sheriff's Department				168,900
Passed through the City of Anaheim:				
2016 Urban Areas Security Initiative (UASI) Conference	97.067	DHS 2016-SS-00102	04-432-9993	3,361
Subtotal - Passed through the City of Anaheim				3,361
Passed through the City of Santa Ana:				
2017 Urban Areas Security Initiative (UASI) Conference	97.067	DHS 2017-SS-00083	08-315-3247	1,825
Subtotal - Passed through the City of Orange				1,825
Passed through the Cal OES:				
Southern Wind US&R Task Force RDD Exercise	97.067	DHS 2015-SS-0078	94-743-6176	342,511
Subtotal - Passed through the Cal OES				342,511
<b>Subtotal - CFDA 97.067 *</b>				<b>516,597</b>
<b>Preparing for Emerging Threats and Hazards:</b>				
Passed through the City of Anaheim:				
2016 Complex Coordinated Terrorist Attacks (CCTA)	97.133	DHS 2016-NPD-133-00-01	04-432-9993	9,731
<b>Subtotal - CFDA 97.133</b>				<b>9,731</b>
<b>Total U.S. Department of Homeland Security</b>				<b>3,155,339</b>
<b>Total Federal Expenditures</b>				<b>\$ 3,155,339</b>

\* Major Program

Note a: Refer to Note 1 to the Schedule of Expenditures of Federal Awards for a description of significant accounting policies used in preparing this schedule.

Note b: There were no federal awards expended in the form of noncash assistance and insurance in effect during the year.

Note c: Total amount provided to subrecipients during the year was \$0.

**ORANGE COUNTY FIRE AUTHORITY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**Note 1: Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards**

**a. Scope of Presentation**

The accompanying schedule presents only the expenditures incurred by the Orange County Fire Authority, that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the Authority from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

**b. Basis of Accounting**

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the Authority becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program. The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**ORANGE COUNTY FIRE AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2019-001 – Reporting**

Instance of Noncompliance

Federal Award Information

CFDA Number: 97.083  
Program Title: Staffing for Adequate Fire and Emergency Response (SAFER)  
Federal Award Number: EMW-2016-FH-00565  
Federal Award Year: 2016  
Name of Federal Agency: U.S. Department of Homeland Security

Criteria or Specific Requirement

The grant agreement stipulates that, throughout the entirety of the period of performance of the program, the nonfederal entity is required to submit quarterly performance reports, due no later than 30 days after the end of each quarter. The nonfederal entity is also required to submit the SF-425, *Federal Financial Report*, semi-annually, throughout the entire period of performance, due no later than 30 days after the end of the period.

Condition

As part of our audit testing, we determined that the Orange County Fire Authority did not submit the required quarterly performance reports covering the fiscal year in timely manner. Additionally, the Authority submitted the SF-425, *Federal Financial Report*, for the period of January 1, 2019 through June 30, 2019 on August 5, 2019, which is past the due date of July 30, 2019.

Cause of the Condition

The condition was caused by a misunderstanding that occurred between the Orange County Fire Authority's staff and the grantor agency. The Authority staff believed, that due to falling below the minimum staffing level established at the time of the award, that the Authority would not be eligible for participation in the program for the fiscal year and did not file the required reports. Upon further discussions with the grantor agency in May 2019, Authority staff received the notification that they are eligible for participation in the program and may submit reimbursements for costs incurred as it had fulfilled the intent of the original grant agreement. The Authority subsequently requested the reimbursement for the grant costs and began submitting reports to comply with the terms of the grant agreement. Due to this, the progress reports and the second quarterly SF-425, *Federal Financial Report*, were not filed timely.

Effect or Possible Effect

The Authority did not comply with the reporting requirements of the grant agreement.

Questioned Costs

No questioned costs were identified (\$0).

**ORANGE COUNTY FIRE AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**Finding 2019-001 – Reporting (Continued)**

Context

As there are only six (6) reports required during the year, we examined all of the reports and determined that all but one (1) were submitted late.

Repeat Finding

This is a new finding for the fiscal year ended June 30, 2019.

Recommendation

We recommend that the Authority continue to communicate with the grantor agency to submit all required progress and financial reports in a timely manner.

Management Response

We concur with the auditor's finding. Quarterly performance reports and semi-annual financial reports (SF-425) will be submitted in a timely manner going forward based on FEMA's clarification, regardless of OCFA's ability to meet the minimum staffing levels required by the grant. Internal reports showing OCFA's staffing levels have been created and shared with the Grant Manager in order to facilitate the quarterly reporting process. Finally, the Grant Manager has developed a matrix outlining all information required and deadlines for all upcoming quarterly reports. As of September 10, 2019, we have submitted all past due quarterly performance reports to FEMA through the period ending June 14, 2019. The report for the quarter ending on September 15, 2019 has also been submitted on time.



# ORANGE COUNTY FIRE AUTHORITY

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Brian Fennessy, Fire Chief

(714) 573-6000

[www.ocfa.org](http://www.ocfa.org)

## Summary Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2018

Finding: 2018-001

Status: Corrected

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**RESIDENTIAL SPRINKLERS AND SMOKE ALARMS SAVE LIVES**



# ORANGE COUNTY FIRE AUTHORITY

P. O. Box 57115, Irvine, CA 92619-7115 • 1 Fire Authority Road, Irvine, CA 92602

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## Corrective Action Plan

Finding: 2019-001

Name of Contact Person: Robert Cortez, Assistant Chief of Business Services

Corrective Action: We concur with the auditor's finding. Quarterly performance reports and semi-annual financial reports (SF-425) will be submitted in a timely manner going forward based on FEMA's clarification, regardless of OCFA's ability to meet the minimum staffing levels required by the grant. Internal reports showing OCFA's staffing levels have been created and shared with the Grant Manager in order to facilitate the quarterly reporting process. Finally, the Grant Manager has developed a matrix outlining all information required and deadlines for all upcoming quarterly reports.

As of September 10, 2019, we have submitted all past due quarterly performance reports to FEMA through the period ending June 14, 2019. The report for the quarter ending on September 15, 2019 has also been submitted on time

Proposed Completion Date: September 30, 2019

Serving the Cities of: Aliso Viejo • Buena Park • Cypress • Dana Point • Irvine • Laguna Hills • Laguna Niguel • Laguna Woods • Lake Forest • La Palma • Los Alamitos • Mission Viejo • Placentia • Rancho Santa Margarita • San Clemente • San Juan Capistrano • Santa Ana • Seal Beach • Stanton • Tustin • Villa Park • Westminster • Yorba Linda and Unincorporated Areas of Orange County

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