County of Solano
Office of the Auditor-Controller

Vacaville Fire Protection District
Internal Control Review of
Payroll and Fixed Assets

For The Period July 1, 2023 to June 30, 2025

Report Date: April 8, 2026

Auditor-Controller: Janine Harris, CPA
Deputy Auditor-Controller: Matthew Fong, CIA
Auditor: Katie Golemis

Vacaville Fire Protection District
Internal Control Review of Payroll and Fixed Assets

TABLE OF CONTENTS

Page

Introduction 2

Objective 2

Background 2

Scope and Methodology 3

Results 3

Recommendations 5

Management Response 6

INTRODUCTION

At the request of the Interim District Administrator, the Internal Audit Division conducted a review of the Vacaville Fire Protection District (VFPD).

This review was conducted in accordance with the *Global Internal Audit Standards* as developed by the Institute of Internal Auditors

OBJECTIVE

The objective of the review is to determine whether:

1. Internal controls over payroll and fixed assets are consistent with generally accepted internal control frameworks[1] .
2. Payroll procedures were applied consistently.
3. Fixed asset procedures were applied consistently.

BACKGROUND

The Vacaville Fire Protection District (VFPD) was established by vote on April 5, 1946. At that time, VFPD was sharing manpower and equipment with the City of Vacaville. In 1981, due to population growth, VFPD separated from the City of Vacaville. VFPD commissioned the construction of a new fire station which was first occupied in January 1985. The VFPD consolidated with the Elmira Fire Protection District in May 1986. The VFPD now has four stations that cover 135 square miles.

The following is a list of events affecting the governance and administration of VFPD occurred both during and after our audit period[2]:

1. August 2023 - the longstanding VFPD Fire Chief retired, and an Interim Fire Chief was appointed.
2. January 2024 - The Interim Fire Chief resigned.
3. After this resignation, the Deputy Chief of VFPD unofficially became the acting Fire Chief.
4. The Solano County Board of Supervisors began consideration of consolidating Suisun, Montezuma, and Vacaville Fire Protection Districts[3].
5. March 11, 2025 - the Solano County Board of Supervisors appointed themselves to the role of Board of Directors for the Suisun, Montezuma, and Vacaville Fire Protection Districts.
6. March 25, 2025 – Memorandum of Understandings established between County and Fire Protection Districts.
7. June 24, 2025 – The Board of Directors appointed the County Administrator to serve as the Interim District Administrator for Suisun, Montezuma, and Vacaville Fire Protection Districts. The Board also approved a Supplemental Policy document which includes complementary policies for governance, leadership, purchasing authority and appropriations approval, fiscal and accounting practices, contracting and procurement. This policy:
    a. Established procurement practices equivalent to County policy.
    b. Provided authority for the County Administrator to appoint an Interim Chief position to oversee operations of the three districts as they work on reorganization.

[1] Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States and the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
[2] For additional detail about decisions made on or after March 11, 2025 see the Solano County Board of Supervisors meeting minutes available at Solanocounty.gov for the referenced dates.
[3] Consolidation of the districts requires approval of The Local Agency Formation Commission (LAFCO). At the time of this report, no determination has been made.

c. Set purchasing limits for the Interim Fire Chief at $74,999.
d. Required Board approval for purchases not included in the approved budget or exceeding the $74,999 threshold.
e. Provided the Interim District Administrator with authority to approve emergency purchases up to $250,000 with Board ratification after the fact.
f. Added a requirement for the Interim District Administrator to concur with VFPD hiring decisions for paid positions.

8. July 18, 2025 - The County Administrator appointed the current Interim Fire Chief to oversee Suisun, Montezuma, and Vacaville Fire Protection Districts.
9. August 26, 2025 – Authorized the Interim District Administrator to approve the purchase $120,000 of personal protective equipment.
10. December 9, 2025 – Accepted the annual fire impact fee report, approved an increase to the fire impact fees, and adopted the 2025 Fire Code.
11. January 6, 2026 – Established regular meetings, procedures and annual selection of President and Vice President board positions.
12. January 27, 2026 - Adopted a resolution authorizing VFPD with concurrence from the District Administrator to submit grant applications in support of acquisition of fire protection related equipment and training.

SCOPE AND METHODOLOGY

The scope of this audit is the review of the Vacaville Fire Protection District payroll and fixed assets for the period of July 1, 2023, to June 30, 2025.

Our methodology included reviewing policies and procedures related to payroll and fixed assets, interviewing VFPD staff and management, and testing internal controls for the period of July 1, 2023, to June 30, 2025.

This review assessed whether internal controls are consistent with generally accepted internal control frameworks rather than determining compliance with laws, regulations, or policies.

All systems of internal controls have inherent limitations that may result in errors or irregularities going undetected. Such limitations include but are not limited to resource constraints, management override, and circumvention of internal controls by collusion. Accordingly, our review may not disclose all weaknesses in the payroll and fixed asset processes.

RESULTS

During the initial phase of the review, management reported they were unable to locate documents expected to be available during the leadership transition. As a result, auditors could not determine whether the missing support was never created, misplaced, or destroyed. Despite access to shared drives and physical records, the necessary supporting documentation could not be located.

The VFPD did not have internal controls over payroll and fixed assets that were consistent with generally accepted internal control frameworks. According to generally accepted internal control frameworks, the control environment is the foundation of a strong internal control system. The control environment includes organizational structure and establishes oversight responsibilities, accountability, and ethical values for the organization.

We were unable to obtain a charter or bylaws for VFPD. These documents should define the organizational structure and the responsibilities of the board and VFPD management. Assigned responsibilities should include items such as the organization's legal, operational, and financial decision making. Without a defined structure, it is unclear which decisions are the responsibility of the board and which are delegated to management.

We observed the adoption of a supplemental policy by the Solano County Board of Supervisors in the meeting on June 24, 2025. We did not test this policy for implementation because the six-day window before the end of our review period is insufficient to observe application.

Undefined leadership roles resulted in inconsistent documentation of VFPD board meetings and decisions. Examples include:

- A job reclassification (with pay increase) was signed by the prior Interim Fire Chief with an effective date of July 1, 2025; evidence of Board authorization could not be located.
- Incomplete documentation for approval of updates to the Employee Handbook that would allow us to determine which employee policies were in effect at specific points in time.
- Fixed assets approved for purchase and sale in the budget lacked sufficient detail to determine which assets were moved to surplus and whether only approved items were purchased or sold.

The VFPD could not provide documented policies or procedures related to payroll or fixed assets. VFPD stated that it follows Solano County (County) policy; however, upon further discussion, the County policies along with past practices were used as general guidance rather than strictly adopted to as VFPD policy.

As a result of not having clearly defined policies and procedures for payroll and fixed assets we observed the following:

1. **Payroll**

    a. **No board agenda or minutes were available as evidence of board approval for a job reclassification and associated pay rate increase.** The personnel action request was signed by VFPD management with an effective date of July 1, 2025. The Office Manager salary cap was included in the January 21, 2025 board minutes as moved to the next meeting; however, the topic is not included in the next meeting.[4]

    b. **Evidence for the approval of the most recent procedures for merit increases is limited since it did not include an effective date or a redlined version to identify what was updated.** We could not determine if there were any approved updates between 2015 and 2024. The 2015 Employee Handbook stated merit increases should occur after a period of 12 months and include an employee evaluation. In September 2024 the Board Chair signed a revised employee benefits section of the 2015 Employee Handbook. This 2024 revision stated that: "merit increases happen automatically after 18 months." Because the documentation did not include an effective date we could not determine if the one merit increase processed was compliant with the policy.

    c. **Certification of payroll lacked appropriate segregation of duties.** Three of four (3/4) pay certifications[5] tested were not certified by the Fire Chief. As such, one staff member

[4] The February 25, 2025 meeting was the final documented board meeting before the Solano County Board of Supervisors voted to become the VFPD Board on March 11, 2025

[5] Payroll Certifications are the summary of timecards for each pay period. It is prepared by the office manager and, typically, reviewed by the Fire Chief.

was responsible for reviewing and confirming payroll, including self-review of overtime and time off.

d. **Cost-of-Living Adjustments (COLA) were inconsistently provided.** For example, a COLA was applied for the Administrative Assistant role on January 1, 2023, but was not applied to the two Captain positions until July 9, 2023. No documentation of Board discussion or approval was available for these COLAs. Additionally, no COLAs were processed, after the 2024 revision of the Employee Handbook was signed which included a 2% COLA for all positions.
e. **There was no standardized process for ensuring payroll was correctly processed.** The process lacked review for ensuring the (1) correct number and type of hours paid to each employee and (2) accurate leave accrual tracking.
f. **Management did not consistently complete timecards**. The Fire Chief and Assistant Fire Chief did not complete a timecard for any of the 4 pay periods included in our sample. The VFPD administrative staff showed us a binder of timecards. A scan of the timecards revealed 2 pay periods with completed timecards for the acting Fire Chief and Assistant Fire Chief. The completed timecards were for pay periods in August 2023. Without timecards there is an increased chance of inaccuracy in tracking leave balances.

2. Fixed Assets

a. **Fixed assets are not defined in policies or procedures, resulting in inconsistent interpretations of which items should be tracked as fixed assets.**
b. **The proper safeguards are not in place to prevent misuse or theft of fixed assets.** For example, no regularly recurring inventory reconciliation; assets are not given unique identifiers; and the location of each asset is not tracked. The VFPD uses the Solano County financial system to track their fixed assets. In December 2025, VFPD staff attempted to confirm the accuracy of the County's records of the VFPD fixed asset inventory but noted multiple missing items and typographical errors.
c. **The VFPD did not maintain sufficient supporting documentation for Board decisions regarding purchases and disposals.** The listing of items to be disposed of through sale had general descriptions rather than unique identifiers, and there was no list of approved items to purchase.

RECOMMENDATIONS

We recommend that VFPD develop and document policies and procedures, including an administrative manual and charter or by-laws, in alignment with generally accepted internal control frameworks that:

1. Establishes the organizational structure and formalizes authority for decision making.

2. Contains detailed payroll policies and procedures including:

    a. Processes for pay increases such as merit or cost of living adjustments.
    b. Instructions for additional pay in alignment with industry guidance (e.g. Mutual aid responses sometimes referred to as strike teams).
    c. Approval processes for hiring, promotions, demotions, terminations, and job reclassifications.
    d. Segregation of duties in payroll preparation and submission, including leave tracking.

3. Defines fixed assets and implements appropriate purchasing limits and procedures for the purchase, maintenance, and disposal of assets that, at a minimum, includes identifying, annual inventorying, and disposal procedures.

4. Includes a conflict-of-interest policy.

Management Response:

Management recognizes the importance of clearly documented policies, procedures, approval authority, segregation of duties and record retention practices. The audit period included significant changes in District leadership, governance and administration during that time. As identified in the report, certain historical records expected to be available during the transition could not be located. Accordingly, in instances where supporting documentation was unavailable, management was unable to independently determine whether the documentation was created, misplaced or destroyed. Management agrees with the recommendations to strengthen and formalize the District's internal controls. The District is addressing the findings through development and implementation of written policies and procedures, improved documentation and approval practices, and clearer accountability for payroll and fixed assets.

GOVERNANCE AND ORGANIZATIONAL STRUCTURE

Finding: The District could not provide a charter or bylaws clearly defining organizational structure, responsibilities, and decision-making authority.

Management Response:

Management agrees that the District's organizational structure and delegated authority should be formally documented. The District will develop and update administrative policies that clearly establish the roles and responsibilities of the Board of Directors, District Administrator, Interim Fire Chief, and other District personnel. The documents will identify approval and decision-making authority for personnel, financial, operational, procurement, and administrative matters. Current Board adopted supplemental policies will be incorporated.

BOARD AND MANAGEMENT DECISION DOCUMENTATION

Finding: Undefined leadership roles resulted in inconsistent documentation of Board meetings and decisions, including personnel actions, Employee Handbook changes, and fixed asset purchases and dispositions.

Management Response:

Management agrees that significant District decisions should be supported by clear and readily available documentation. Going forward, personnel actions, compensation changes, policy amendments, major purchases, asset dispositions, and other matters requiring Board approval will be documented through the appropriate Board action, resolution, personnel action form. Management also recognizes that the inability to locate historical documentation does not necessarily establish that an action was not discussed or approved. However, adequate documentation should have been retained to demonstrate the authorization. Improved records retention practices will therefore be incorporated into the District's administrative procedures.

1. PAYROLL

Finding 1(a) – **No board agenda or minutes were available as evidence of board approval for a job reclassification and associated pay rate increase.**

Management Response:

Management acknowledges that sufficient documentation demonstrating the authorization for this personnel action could not be located. Because the relevant historical documentation is unavailable, current management cannot independently confirm whether approval occurred, whether it was not adequately documented or whether additional formal approval was required. Going forward, all job reclassifications, promotions, demotions, salary adjustments, and other changes affecting employee compensation will require documented approval consistent with the authority established by District policy. Personnel action documentation will identify the effective date, position, compensation, approving authority with approval signature, and, where applicable, the corresponding Board action.

Finding 1(b) – **Evidence for the approval of the most recent procedures for merit increases is limited since it did not include an effective date or a redlined version to identify what was updated**

Management Response:

Management agrees that personnel policies should clearly identify approval and effective dates and that prior versions should be retained. The District will establish a formal policy, management process requiring personnel policies and Employee Handbook revisions to include the date of adoption, effective date, approving authority, and revision history. Future changes will be retained in a manner that allows the District to determine which policy was in effect at any point in time. Merit increases will be processed only after confirming that the employee has satisfied the requirements of the applicable Board approved policy and that required evaluations and approvals have been completed.

Finding 1(c) – **Certification of payroll lacked appropriate segregation of duties.**

Management Response:

Management agrees that payroll preparation and approval should include appropriate segregation of duties. The District will establish a written payroll review and certification procedure requiring payroll to be independently reviewed and approved by an authorized supervisor before submission.

Employees responsible for preparing payroll will not be the approving authority for their own overtime, leave, additional compensation, or other payroll adjustments. Where staffing limitations make complete separation of functions impractical, an additional management-level or administrative review will be required as a compensating control. Payroll certifications and supporting documentation will be retained with the applicable payroll records.

Finding 1(d) – **Cost-of-Living Adjustments (COLA) were inconsistently provided.**

Management Response:

Management acknowledges the need for a standardized and documented process for implementing cost-of-living adjustments. Before any future COLA is processed, District staff will verify Board approved authorization, affected employee classifications, percentage or amount of the adjustment, and effective date. Once approved, the adjustment will be reviewed to ensure it is consistently applied to all positions covered by the authorization. Documentation supporting the adjustment will be maintained with the applicable payroll and personnel records. Where historical authorization cannot be located, management will not assume either that the adjustment was authorized or unauthorized solely based upon the absence of documentation.

Finding 1(e) – **There was no standardized process for ensuring payroll was correctly processed**

Management Response:

Management agrees with this finding and will establish written payroll procedures and a standardized payroll-review process. The process will require verification of regular hours worked, overtime, leave used, vacation, sick, holiday, other applicable leave accruals and additional or specialty compensation. Authorized changes in employee pay rates require Board approval and Payroll totals prior to final submission. The District will also establish procedures for periodically reconciling employee leave balances between timekeeping records, payroll records, and other applicable District records. Discrepancies identified during the review process will be researched and corrected as appropriate.

Finding 1(f) – **Management did not consistently complete timecards**.

Management Response:

Management agrees that consistent timekeeping is an important internal control and provides supporting documentation for payroll and leave balances. The District has required all employees to complete timekeeping records in accordance with District payroll procedure. The procedure established the required information, submission deadlines, supervisory approval, correction process, and record retention requirements. The District has established an appropriate method for documenting attendance, leave usage, overtime, additional compensation, and other information necessary to support payroll and leave balances.

2. FIXED ASSETS

Finding 2(A) - **Fixed assets are not defined in policies or procedures, resulting in inconsistent interpretations of which items should be tracked as fixed assets.**

Management Response:

Management agrees that the District should maintain a clear definition of fixed assets and establish consistent criteria for asset tracking. The District will adopt a written fixed asset policy establishing capitalization and inventory criteria and identify the types of property that must be included in the District's asset records. The policy will address, as applicable, vehicles, fire apparatus, communications equipment, information technology equipment, tools, specialized equipment, furnishings, and other District property

requiring individual accountability. The District's policy will be coordinated with applicable County accounting requirements to ensure consistent financial reporting.

Finding 2(b) – **The proper safeguards are not in place to prevent misuse or theft of fixed assets.**

Management Response:

Management agrees that controls over District property should be strengthened. The District will implement an asset control process that includes, as appropriate, assigning unique asset or inventory identification numbers and recording each asset's description, serial number, acquisition information, responsible location, documenting transfers between stations, vehicles, employees, or facilities. Conducting periodic physical inventories reconciling results to District and County financial records and investigating and correcting discrepancies and documenting assets that are lost, stolen, damaged, transferred, or disposed of. The District will conduct a comprehensive physical inventory to establish an accurate baseline and will research and correct discrepancies with existing records in coordination with appropriate Board approval.

Finding 2(c) – **The VFPD did not maintain sufficient supporting documentation for Board decisions regarding purchases and disposals.**

Management Response:

Management agrees that purchases and disposals of District assets should be supported by documentation sufficient to identify the specific property and approval from Governing Board. Future requests for the purchase or disposal of fixed assets will identify, as applicable, the asset description, asset number, serial number, estimated or actual value, funding source, reason for purchase or disposal, and approving authority. Assets declared surplus will be specifically identified before sale, transfer, donation, recycling, or disposal. Records will be retained documenting both authorization for the disposition and the ultimate disposition of the asset. Purchases will be made in accordance with applicable District purchasing authority, approved budgets, and Board approval.

RESPONSE TO AUDIT RECOMMENDATIONS

Recommendation 1 – **Establishes the organizational structure and formalizes authority for decision making.**

Management Response:

Management agrees. The District will develop and maintain written administrative and governance documents establishing organizational structure, lines of authority, delegated responsibilities, and required approvals for District decisions. The District will incorporate applicable Board adopted policies and clearly identify matters reserved to the Board, matters delegated to the District Administrator, and matters delegated to the Interim Fire Chief or other District personnel.

Recommendation 2 – Payroll Policies and Procedures

Management Response:

Management agrees. The District will develop written payroll policies and procedures addressing, at a

minimum, merit increases, cost-of-living adjustments, overtime, additional compensation, strike-team compensation, leave accrual and usage, timekeeping, hiring, promotions, demotions, terminations, job reclassifications, payroll preparation, payroll review and certification and segregation of duties. The procedures will clearly establish required documentation and approval authority for payroll related transactions.

Recommendation 3 – Fixed Asset Policies and Procedures

Management Response:

Management agrees. The District will adopt fixed asset policies defining assets subject to capitalization or inventory control and establishing procedures for acquisition, identification, assignment, transfer, safeguarding, annual inventory reconciliation, surplus designation, and disposal. Asset records will be annually reconciled against the County's records, and identified discrepancies will be researched and corrected.

Recommendation 4 – Conflict-of-Interest Policy

Management Response:

Management agrees. The District will adopt or formally incorporate an appropriate conflict-of-interest policy consistent with the District's governance structure and applicable requirements. The policy will establish expectations regarding disclosure, participation in decisions involving potential conflicts, required filings where applicable, and procedures for addressing actual or potential conflicts of interest.

CONCLUSION

Vacaville Fire Protection District management accepts the Auditor-Controller's recommendations regarding improvement of the District's internal control and recognizes the importance of formalizing policies and procedures that historically may have been relied upon for institutional knowledge and past practice. Since the period covered by the audit, the governance and administrative structure of the District has changed substantially. Management will use the recommendations contained in this report as part of the continuing effort to establish clear, consistent, documented, and sustainable internal controls.

The District's objective is to ensure that payroll transactions are properly supported and independently reviewed, personnel actions are clearly authorized and documented. District property is properly accounted for and safeguarded and significant administrative and financial decisions can be readily supported by appropriate records. Management will work with the District Administrator, Board of Directors, County staff, and other appropriate personnel to implement these improvements and maintain documentation demonstrating ongoing compliance with newly adopted procedures.