

AUDIT FOLLOW-UP REPORT

Of the Status of Recommendations from

Division of Emergency Management
Including State Radio And
911 Fees – Collection and Use

July 17, 2008
Report No. 3023.1

July 17, 2008

Honorable John Hoeven, Governor
Members of the North Dakota Legislative Assembly

A fundamental objective of the Office of the State Auditor's work is to bring about improvements through recommendations. To achieve this, our recommendations need to be timely and effectively implemented. The Legislative Audit and Fiscal Review Committee (LAFRC) has requested the Office of the State Auditor to perform follow-up work after presentation of performance audit reports to the Committee and to report those agencies which have not implemented audit recommendations.

The Office of the State Auditor conducted an audit follow-up on the performance audit of the Division of Emergency Management including State Radio (report #3023-1) and 911 Fees (report #3023-2) both dated November 18, 2005. Recommendations included in report #3023-1 were addressed to the newly created Department of Emergency Services which is comprised of the Division of State Radio and Division of Homeland Security (took the place of the Division of Emergency Management).

Our conclusions in this report are based on limited reviews of information, and there is a possibility a more substantial review of information may have changed our conclusions. As a result of the follow-up review for the Division of Emergency Management including State Radio report, 12 recommendations were determined to be fully implemented, 7 were determined to be partially implemented, and 3 were determined to be not implemented. For the 911 Fees report, one recommendation was determined to be fully implemented, two were determined to be partially implemented, and one was determined to be not implemented.

Sincerely,

Robert R. Peterson
State Auditor

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Recommendations Fully Implemented for DES Report

Recommendation #1

We recommend the Department of Emergency Services adequately manage and monitor the financial and accounting area of the state hazardous chemicals preparedness and response program. At a minimum, the Department should:

- a) Ensure all appropriate expenditures of the program use special funds to save general fund moneys; and**
- b) Review the effect of the increase in costs on the fund balance and, if necessary, take appropriate action to increase the fee amount.**

Original Condition

NDCC Section 37-17.1-07.1 required the Division of Emergency Management (DEM) to coordinate the development and maintenance of the State Hazardous Chemicals Preparedness and Response Program. The statutory imposed annual fee collected for the program (\$25 for each hazardous chemical, maximum of \$150 per facility) had remained unchanged since 1991. A significant fund balance exists (over \$78,000 at the end of fiscal year 2005) and we identified certain salary expenditures had not been properly charged to the program resulting in more general funds being expended than was necessary.

Action Taken

The Department of Emergency Services (DES) has updated its cost allocation and funds 1.33 full-time equivalents with this special fund (previously one FTE was funded with special funds). DES is also monitoring the fund's expenditures and revenues compared to the fund balance to determine if the revenues entering the fund are sufficient to cover the dollar amount expended from the fund.

Result of Implementation

The increased use of special funds results in a decrease in the amount of general funds needed for the program. We identified approximately \$9,500 of general funds are saved per year on salaries.

Recommendation #2

We recommend the Department of Emergency Services comply with the salary administration procedures established in North Dakota Administrative Code Chapter 4-07-02. The Department must ensure, at a minimum:

- a) Maximum salary increase amounts are not exceeded;**
- b) Changes in workload or responsibility are documented and on file within the agency;**
- c) Proper documentation is provided to Human Resource Management Services at the time an equity increase is given; and**
- d) Consideration is given to the effect granting salary increases will have on internal equity.**

Chapter 1

Recommendations Fully Implemented for DES Report

Original Condition

We identified significant salary increases were provided to employees resulting in approximately \$300,000 more being expended in the 2003-2005 biennium. In a review of information related to salary increases for 19 full-time equivalents, we identified instances of noncompliance with North Dakota Administrative Code (NDAC) requirements. For example, NDAC established maximum salary increase percentages for a biennium were exceeded.

Action Taken

The Department of Emergency Services (DES) documents information regarding salary increases and takes into consideration NDAC requirements. While we did identify a noncompliance issue regarding NDAC requirements, it appears legislative intent was established for DES to provide salary increases which exceeded maximum amounts established in NDAC.

In a review of 10 salary increases, we identified four State Radio employees received equity increases greater than 20%. NDAC states an equity increase cannot exceed 20% per biennium for an employee. According to the "Legislative Appropriations 2007-2009" document (published by the Office of Management and Budget), \$300,000 was provided to DES to address salary equity issues within State Radio. While no such language was included with the 2007 Session Laws, the Government Operations House Appropriations Committee voted on an amendment to DES's appropriation bill to put \$300,000 into salaries for State Radio and for grade changes at the discretion of the Adjutant General. Based on this motion and other documentation regarding the committee's decision to provide \$300,000 for equity raises, it appears DES could provide salary increases which exceeded the maximum amounts established in NDAC. This conclusion was discussed with representatives of the Office of the Attorney General who concurred the legislative intent would allow DES to provide salary increases which exceeded the maximum amounts.

Result of Implementation

DES is in compliance with NDAC requirements related to salary increases.

Recommendation #3

We recommend the Department of Emergency Services adequately document salary increases. At a minimum, increase amounts must be defined and allocated by salary increase category as identified in North Dakota Administrative Code Chapter 4-07-02.

Original Condition

We determined there was inadequate documentation defining the reasons for certain salary increases given to employees. This hampered our review to determine whether salary increases were in compliance with NDAC requirements.

Chapter 1

Recommendations Fully Implemented for DES Report

Action Taken DES documents reasons for salary increases in personnel files and on the state's accounting system (PeopleSoft). Based on a review of 10 employee salary increases, adequate documentation appears to be maintained identifying the reasons for salary increases.

Result of Implementation Adequate documentation exists to determine compliance with NDAC requirements.

Recommendation #4

We recommend the Department of Emergency Services expend funds only as outlined in the application request approved by the Emergency Commission.

Original Condition We determined the Emergency Commission's approval for additional salary spending authority for new DEM staff and retaining temporary staff was improperly expended for salary increases of current DES employees. An Attorney General's Opinion dated November 4th, 2004 states the Emergency Commission approval for an increase in a specific line item must be expended for the purpose identified in the application.

Action Taken Through a review of two Emergency Commission requests, we determined the funds requested from the Emergency Commission were expended in a manner as outlined in the application.

Result of Implementation DES is in compliance with requirements of how funds are to be expended as outlined in the applications approved by the Emergency Commission.

Recommendation #5

We recommend the Department of Emergency Services take immediate action to improve communications with employees and local Emergency Managers; and ensure an adequate management style is implemented to foster open communications and improve coordination and cooperation among divisions and with Emergency Managers.

Original Condition Based on a survey of local Emergency Managers and DEM employees, review of documentation, discussions with applicable representatives, and observations made during the audit, we determined the agency appeared to be micro managed and communication was not adequate. This resulted in issues such as lack of cooperation, poor morale, and lack of productivity.

Action Taken Based on a review of Department of Emergency Services Advisory Committee (DESAC) meeting minutes and through discussion with various local Emergency Managers and DES employees, it is apparent communication has improved and an adequate management style has been established.

Chapter 1

Recommendations Fully Implemented for DES Report

Result of Implementation Increased communications and an improved management style should increase morale and improve the efficiency and effectiveness of operations at DES.

Recommendation #6 **We recommend the Department of Emergency Services (DES), in conjunction with appropriate personnel of the Office of the Adjutant General, formally review the financial, human resources, and other administrative areas of DES and determine whether the administration section, or portions of the section, can be combined with or be placed under the current administrative section within the Office of the Adjutant General.**

Original Condition We identified a number of areas where improvements were needed relating to financial, human resources, and other administrative areas. Combining administration units from the newly formed DES and Adjutant General could increase efficiencies and effectiveness.

Action Taken All financial and human resource administrative areas of both DES and the Adjutant General have been combined into one Administrative Services division.

Result of Implementation The combining of administrative areas has allowed for increased efficiencies and centralization of operations.

Recommendation #7 **We recommend the Department of Emergency Services formally review the scheduling of dispatchers at the Division of State Radio's communication center to determine whether the current number of dispatchers on duty is reasonable.**

Original Condition A communication center exists within State Radio which is staffed 24 hours a day, 7 days a week. The center receives 911 calls from 22 counties as well as providing dispatching and a number of other services for a variety of entities. While six dispatchers were scheduled within the communication center, there had been no formal review of whether the number of dispatchers on duty was reasonable.

Action Taken DES has implemented a new shift schedule establishing 12 hour shifts with dispatchers working four days on and having four days off. This schedule was implemented to save money expended in overtime which had been increasing and to provide more predictability for the dispatchers. This new schedule was implemented following an analysis of dispatchers needed on duty, call information, turnover, and other information.

Chapter 1

Recommendations Fully Implemented for DES Report

Result of Implementation The analysis of the number of dispatchers on duty and the scheduling of dispatchers resulted in a schedule which is expected to reduce overtime costs. Determining the appropriate number of dispatchers on duty will assist in controlling personnel costs and ensure the communications center operates in an effective manner.

Recommendation #8 **We recommend the Department of Emergency Services develop a strategic plan to ensure:**

- a) **Significant input from its stakeholders is obtained;**
- b) **Short-term and long-term goals and objectives are established;**
- c) **The plan provides a means for measuring the productivity and operations of the department; and**
- d) **The plan is periodically reviewed and revised.**

Original Condition We determined a strategic plan had been developed for DEM; however, it was outdated and not followed. Establishing a strategic plan after combining DEM and State Radio was needed to ensure resources were being used to accomplish what the agency had established as its goals and objectives.

Action Taken DES has developed a strategic plan with both short and long-term goals and the related measureable objectives. Each objective contains a deadline that indicates when DES would like to accomplish the objectives and the related goals. Input from stakeholders has been obtained through the DESAC Committee which consists of stakeholders of DES.

Result of Implementation The strategic plan provides direction to management and staff while providing a means of measuring the productivity of operations.

Recommendation #9 **We recommend the Department of Emergency Services receive input from their Advisory Committee regarding the allocation and distribution of homeland security funds.**

Original Condition We determined additional input into the decisions regarding disbursement of homeland security funds was needed. We identified DEM had some latitude in distributing a certain percentage of funds after federal government requirements were funded.

Action Taken Through a review of DESAC meeting minutes and discussions with applicable personnel, it is apparent DES has received input from DESAC regarding the allocation and distribution of homeland security funds.

Result of Implementation Input from those directly affected by decisions made by DES is incorporated into the grant allocation and distribution process which assists in ensuring high priority needs are being adequately addressed.

Chapter 1
Recommendations Fully Implemented for DES Report

Recommendation #10 **We recommend the Department of Emergency Services establish a formal process to ensure the Division of State Radio's Standard Operating Procedures manual is accurate and current. The Department should, at a minimum:**

- a) Review and update the manual on a periodic basis;**
- b) Include in the review process two or more dispatchers from different teams;**
- c) Notify all employees of changes to the manual; and**
- d) Require employees to sign a form signifying they have read all changes to the manual.**

Original Condition While a Standard Operating Procedures (SOP) manual had been established for State Radio dispatchers, we concluded the manual was outdated and there were no formal review procedures established to ensure it was current. When changes were made, there was no process in place confirming all dispatchers had reviewed them.

Action Taken Based on discussions with State Radio representatives and review of limited information, it appears the manual has been reviewed and appropriately updated. Changes to the manual are appropriately communicated to employees.

Result of Implementation Current information in the procedures manual will provide for more effective dispatching of needed services and also provide an effective resource to the communication specialists when a situation and/or emergency arises.

Recommendation #11 **We recommend the Department of Emergency Service's former personnel policies be combined into the Adjutant General Employee Handbook.**

Original Condition When DEM and State Radio were combined, it appeared policies were not developed to address the differences that existed surrounding the operations of DEM and State Radio. Since all employees are under the control of the Adjutant General, one employee handbook should be established.

Action Taken One employee handbook for all employees within the Office of the Adjutant General has been established. Policies unique to DES are written to indicate such information.

Result of Implementation The establishment of a combined employee handbook should provide enhanced clarity and increased efficiencies for the employees of DES.

Chapter 1
Recommendations Fully Implemented for DES Report

Recommendation #12	<p>We recommend the Department of Emergency Services improve the development and maintenance of Position Information Questionnaires and/or job descriptions. The Department should, at a minimum:</p> <ul style="list-style-type: none">a) Ensure a PIQ and/or job description exists for each position in the Department;b) Review and update PIQs on a periodic basis; andc) Involve employees in this process and have employees and supervisors sign and date the PIQ and/or job description.
<i>Original Condition</i>	<p>We noted Position Information Questionnaires (PIQs) and job descriptions could not be identified for certain positions. In addition, multiple positions shared PIQ's even though such positions had different duties and responsibilities. PIQ's were also not always signed and dated.</p>
<i>Action Taken</i>	<p>Through a review of 8 employees' PIQs, it appears a PIQ exists for each position and the PIQs currently are being signed and dated by both employees and their supervisors. The PIQs are also reviewed, and, if required, updated on an annual basis when the performance evaluations are completed.</p>
<i>Result of Implementation</i>	<p>PIQs are current and specific to each position at DES which enables management to clearly gather information for the purpose of classifying a position and employees have a greater understanding of the duties and responsibilities related to their positions.</p>

Chapter 1

Recommendations Fully Implemented for DES Report

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Recommendations Partially Implemented for DES Report

Recommendation #13 **We recommend the Department of Emergency Services comply with North Dakota Century Code Sections 54-23.2-08 and 54-23.2-09 to ensure fees charged for 911 services, Law Enforcement Telecommunications System (LETS), and Mobile Data Terminal (MDT) services cover applicable costs of services. At a minimum, the Department must establish an adequate cost accounting system to track costs of services and use of special funds.**

Original Condition We determined significant improvements were required relating to how fees were being established by the Division of Emergency Management (DEM) including State Radio. Fees charged were not sufficient to cover the costs of services as required by North Dakota Century Code (NDCC). This noncompliance resulted in additional general funds being used to support operations. The costs associated with services provided by State Radio were not adequately tracked or monitored.

Action Taken While no specific rate changes have been made to date, the Department of Emergency Services (DES) has identified potential rate increases related to 911, LETS, and MDT services. The 911 fee for the 22 counties using State Radio as their Public Service Answering Point is anticipated to increase to 38 cents per line per month effective July 1, 2009. This is an increase of 18 cents per line. DES is also considering changes to LETS and MDT fees as well as making changes to applicable NDCC during the 2009 Legislative Session.

Management's Response and Future Action to be Taken Concur with status of recommendation. Each county auditor and Sheriff's office was provided a formal notice of fee increases during the last week of July. The fee increases will be increased on 1 July 2009 and a process will be in place that review fees every two years with adjustments made the following year. The formula will be used to determine the fees will be standardized and used in the service contracts with the counties/agencies it supports.

Recommendation #14 **We recommend the Department of Emergency Services improve the billing and collection process involving counties provided 911 services by the Division of State Radio. As part of this process, the Department should periodically verify information at the county level.**

Original Condition Quarterly invoices were sent to the 22 counties provided 911 services by State Radio. The amount of the bill was based on the number of landline and wireless lines at the county level. Such information was obtained from the county and no review of the information was completed by State Radio to determine accuracy. We determined the number of lines were outdated and were resulting in less revenue than should have been obtained.

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Recommendations Partially Implemented for DES Report

Action Taken DES is now requiring the counties to certify their line information is accurate when payment is submitted for the 911 fees. This should provide for a more current number of lines within the county to assess the 20 cents per line. However, DES is not periodically verifying the line information at the county level.

Management's Response and Future Action to be Taken Concur with status of recommendation. The agency has now further implemented (May 2008) a process of periodically requesting support documentation from counties to support the certified number of lines reported.

Recommendation #15 **We recommend the State Personnel Board and Human Resource Management Services, with assistance from the Office of the Attorney General, review the salary increases the Department of Emergency Services provided employees. As part of this review, a determination should be made as to whether any action should be taken regarding the instances of noncompliance with North Dakota Administrative Code.**

Original Condition Salary increases provided to DES employees resulted in noncompliance with North Dakota Administrative Code (NDAC) salary requirements. We concluded a review should be conducted by the State Personnel Board and Human Resource Management Services (HRMS) to determine whether any action was necessary as a result of the noncompliance.

Action Taken HRMS issued a report in June 2006 entitled "DEPARTMENT OF EMERGENCY SERVICES LEGISLATIVE COMPENSATION REVIEW." Our office was not included as a part of this review. Once this report was made public, our office identified misinformation and HRMS issued a revised report.

While a review was conducted by HRMS, it does not appear the State Personnel Board was involved in the process. Also, there appears to have been little to no assistance obtained from the Attorney General's Office.

In review of the report issued by HRSM, we identified concerns regarding the work conducted. We identified DES employees receiving salary increases who were not included in HRMS's review. Also, it is apparent HRMS had to base conclusions on certain assumptions. For example, the report uses language such as "when considered as a promotion." This needed to be done due to a lack of documentation of salary increases and the fact the individuals involved in granting the increases were no longer employed by DES.

Chapter 2

Recommendations Partially Implemented for DES Report

Management's Response and Future Action to be Taken

In response to the 2005 recommendation, HRMS presented a June 2006 report entitled "DES: Legislative Compensation Review" to the Legislative Audit and Fiscal Review Committee. Through re-defining increase types, re-creating justification and documentation to the extent possible, and analyzing the salaries of remaining staff, HRMS found that no further 'action' was appropriate. Since HRMS recommended no further action, there was no role for the SPB or AG relating to NDCC 54-44.2-10.

Since HRMS presented the report to the Legislative Audit and Fiscal Review Committee and the Committee took no further action or provided no direction in follow up to the report, HRMS is not clear what further action is expected.

Recommendation #16

We recommend the Department of Emergency Services comply with or take appropriate action to modify North Dakota Century Code Section 37-17.1-06, Subsections 3, 6(c), and 6(f). To comply, the Department should, at a minimum:

- a) Make regularly scheduled visits to local emergency organizations and implement a survey process to monitor satisfaction rates of Department assistance provided;**
- b) Periodically review local emergency operations plans; and**
- c) Conduct surveys of industries, resources, and facilities within the state.**

Original Condition

NDCC Chapter 37-17.1, also known as the "North Dakota Disaster Act of 1985," identified responsibilities and duties of DEM regarding local emergency operations plans. We determined DEM was in noncompliance with certain requirements resulting in less efficient and effective local plans.

Action Taken

NDCC Chapter 37-17.1 was modified by the 2007 Legislative Session. DES is now required to provide technical assistance for the development and revision of local disaster or operations plans rather than make regularly scheduled visits to local emergency organizations. DES has reviewed local emergency operation plans and provided technical assistance for the development and revision of the plans. However, this occurred to be in compliance with requirements in the 2006 Homeland Security Grant (required jurisdictions to update and submit their respective plans to be in compliance with the National Incident Management System). Based on discussion held with DES personnel, the agency has no formal policy in place to ensure the local emergency operation plans are being periodically reviewed as required by NDCC.

Chapter 2

Recommendations Partially Implemented for DES Report

Management's Response and Future Action to be Taken

Concur with status of recommendation. Essentially each county has two plans, the County Emergency Operations Plan and the Hazard Mitigation Plan. Within these plans are numerous annexes, hazard or capability specific plans. Each year as work plans are put in place we consult federal planning guidelines as published by DHS or FEMA and determine what the priorities for plan reviews are. With so much of local planning being systematically mandated and funded federally coupled by the limited people resources at the local and state level we have scheduled/conducted reviews as mandated.

Recommendation #17

We recommend the Department of Emergency Services improve the processes used following the identification of potentially harmful situations. The Department should, at a minimum:

- a) Promptly notify the state's Risk Management Division of such areas and include the division in any studies or reviews to be performed; and**
- b) Promptly communicate to all employees the results of any reviews or other actions taken in relation to such areas.**

Original Condition

When concerns were identified by employees with the air quality in the work environment, the Office of the Adjutant General coordinated a review of the area. We determined the state's Risk Management Division was not appropriately notified of the situation. We also concluded there was a lack of communication with employees regarding the results of the review.

Action Taken

Another air quality/mold concern was identified within DES in the spring of 2008. While DES did promptly communicate the results of an air quality/mold study to the agency's employees, it did not appropriately notify the state's Risk Management Division of the potentially harmful situation.

Management's Response and Future Action to be Taken

Concur with status of recommendation. However, the agency did react responsibly by quickly bringing in appropriate professionals to determine if there was a potential risk. The agency also closed the area of concern until appropriate testing could be performed and results received. Results of the testing were quickly shared with all DES and State Radio personnel. The agency will be contacting the state's Risk Management Division of any potential harmful situation encountered in the future.

Recommendation #18

We recommend the Department of Emergency Services improve employee training. The Department should, at a minimum:

- a) Establish formal training policies and procedures which should include a process for identifying employee training needs;**
- b) Monitor training of all employees and ensure mandatory training requirements are met; and**
- c) Maintain documentation of training received by employees.**

Chapter 2

Recommendations Partially Implemented for DES Report

<i>Original Condition</i>	NDCC Section 57-40.6-10 requires emergency 911 dispatch centers employ dispatchers who have completed an emergency medical dispatch course. We noted the majority of dispatchers within the State Radio's communication center were not properly certified resulting in a potential liability for the State. In addition, we also noted documentation of training was not maintained. Approximately 53% of respondents to our employee survey noted they needed additional training to perform their job more efficiently and effectively.
<i>Action Taken</i>	DES has established formal training policies and procedures which identify employee training needs. In a review of training documentation for six employees, we identified significant improvement with monitoring of employee training as all mandatory training requirements were met. However, improvements are needed as employees have not been informed of their responsibility to maintain documentation of training received.
<i>Management's Response and Future Action to be Taken</i>	Concur with status of recommendation. Employees were not aware of the need to keep copies but now all have been asked to provide a copy of training documentation to the Office of Adjutant General, Human Resources Office to be placed in their individual personnel files.

Recommendation #19	We recommend the Department of Emergency Services improve the employee performance evaluation process including ensuring compliance with North Dakota Administrative Code requirements and internal policies. The Department should, at a minimum: <ul style="list-style-type: none">a) Ensure each employee receives an annual performance evaluation based on individual job-related requirements;b) Ensure low ratings given in an evaluation include recommendations for improvement and a time frame for actions to be corrected;c) Have supervisors evaluated by those they supervise; andd) Provide training to employees who will be completing the performance evaluations.
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<i>Original Condition</i>	NDAC requires an annual performance review of employees. We noted improvements were needed to comply with this requirement. We also noted a generic evaluation form not specific to individual job-related requirements was used for DEM and State Radio and the evaluation process only involved supervisors conducting evaluations of the employees they supervised.
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Chapter 2

Recommendations Partially Implemented for DES Report

Action Taken

Based on a review of 8 employees' personnel files at DES, it appears performance evaluations are being completed on an annual basis. Changes have been made to the evaluation process to have individual job-related requirements included as part of the review. Training appears to have been provided to individuals who are responsible for completing performance evaluations. However, based on discussion held with representatives of DES, the supervisors at DES are not being evaluated by those they supervise.

Management's Response and Future Action to be Taken

Concur with status of recommendation. The agency does not agree that supervisors must be formally evaluated by those they supervise. In the past few years the directors of Homeland Security and State Radio have maintained an open communication and open door policy. Open communication for all levels of the agency has been widely encouraged. This recommendation is mandating a management style that we believe is in place, however, not in a formal manner.

Recommendations Not Implemented for DES Report

Recommendation #20 **We recommend the Department of Emergency Services take appropriate action to obtain proper legislative authority to provide dispatching services to various state entities, political subdivisions, and other entities and to charge fees for the services provided. After such authority is received and an adequate cost accounting system is established to identify estimated costs for services, respective entities should be charged for services provided.**

Original Condition State Radio provides numerous services to various entities and operates a number of programs. State Radio does not collect fees for certain services provided and uses general funds to cover such costs. State Radio does collect a fee from 22 counties for providing 911 answering and dispatching services as well as collecting fees related to LETS and MDT. If State Radio were to charge and collect fees for the services it provides, general funds required for the division and the state could be reduced. We were unable to identify information in state law which provided State Radio specific authority to provide certain services.

Action Taken We identified no changes to state law granting State Radio specific authority to continue certain services and programs it currently provides. No fees are charged for certain services State Radio continues to provide.

Management's Response and Future Action to be Taken Concur with status of recommendation. State Radio will seek the appropriate authority in NDCC that allows it to provide services to state agencies without having to bill the many agencies it supports. The agency does not agree that it should be charging each agency and though it may save the agencies general fund dollars it essentially transfers those costs to other agency general fund budgets.

Recommendation #21 **We recommend the Department of Emergency Services take appropriate action to modify North Dakota Century Code Section 37-17.1-02.1 to either:**

- a) Have the two division director positions placed within the state's classification system; or**
- b) Have one appointed position for the entire department.**

Original Condition Changes made to state law by the 2005 Legislative Session created the Department of Emergency Services (DES) which included the Division of State Radio and Division of Homeland Security. A director of each division is appointed by the Adjutant General. In a comparison of full-time equivalent (FTE) information and appointed positions within other state agencies, having two division directors appointed for an agency with only 54 FTEs appeared high. If these positions were included in the state's classification system, there could be increased continuity, minimum qualifications would be established to ensure individuals with proper qualifications were hired, and salary ranges would be established ensure salaries are consistent with similar work performed in the state.

Chapter 3

Recommendations Not Implemented for DES Report

<i>Action Taken</i>	We identified no changes have been made to state law and there continues to be two appointed division directors.
<i>Management's Response and Future Action to be Taken</i>	Concur with status of recommendation. The agency is in conversation with HRMS and will consider the recommendation and other options in filling the State Radio Director position. (Note: The position is currently vacant.)
Recommendation #22	We recommend the Department of Emergency Services comply with veterans' preference requirements in North Dakota Century Code Chapter 37-19.1. The Department should, at a minimum: <ul style="list-style-type: none">a) Use certified mail to notify veterans of their nonselection; andb) Review veterans' preference requirements with the Office of the Attorney General and modify hiring procedures accordingly.
<i>Original Condition</i>	North Dakota Century Code establishes a preference in public employment for veterans and in some instances, the spouses of veterans. In a review of hiring processes, we identified DEM and State Radio did not notify veterans of their nonselection by certified mail as required by state law. In addition, DEM and State Radio were not properly documenting justifiable cause when veterans were not selected and the veterans were ranked higher than the applicant selected.
<i>Action Taken</i>	Based on discussions with DES representatives, it appears DES has not reviewed veterans' preference requirements with the Office of the Attorney General. In a review of eight hiring files and discussing the hiring process with DES representatives, improvements are still needed to ensure compliance with veterans' preference requirements.
<i>Management's Response and Future Action to be Taken</i>	Concur with status of recommendation. The agency is currently reviewing the requirements of the Office of the Attorney General and will be modifying hiring practices accordingly.

Recommendations Fully Implemented for 911 Report

Recommendation #23	We recommend the counties of Adams, Bowman, Hettinger, Slope, and Stark and the city of Fargo take appropriate action to recoup 911 fees which were inappropriately withheld by phone providers.
<i>Original Condition</i>	Phone providers are responsible for collecting 911 fees from customers and then submitting the fees to the respective political subdivisions. North Dakota Century Code (NDCC) states an administration fee may be charged, not to exceed 5% of fees collected. We identified five counties and one city had phone providers withholding more than the 5% maximum allowed.
<i>Action Taken</i>	The counties of Adams, Bowman, Hettinger, Slope, Stark, and the city of Fargo did take appropriate action and were able to recoup several years of 911 fees inappropriately withheld by their respective phone providers.
<i>Result of Implementation</i>	The five counties and the city of Fargo recouped over \$61,000 of 911 fees inappropriately withheld.

Chapter 4

Recommendations Fully Implemented for 911 Report

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Recommendations Partially Implemented for 911 Report

Recommendation #24 **We recommend Cavalier County, LaMoure County, and Richland County properly account for the use of 911 wired/landline fees received to identify 911 expenditures and fund balance information.**

Original Condition All political subdivisions receiving 911 fees were requested to certain provide monthly 911 revenue, expenditure, and fund balance information. Cavalier County, LaMoure County, and Richland County were unable to provide fund balance information as 911 landline fees were receipted into the general fund. No expenditure information was identified for Cavalier County and LaMoure County due to a lack of adequate accounting for 911 fees.

Action Taken LaMoure County and Richland County have established separate funds for 911 fees and are able to identify 911 revenue, expenditure, and fund balance information. Cavalier County has not established a separate fund. Due to changes made by the 2007 Legislature to North Dakota Century Code, state law now requires a governing body to deposit the 911 fees in a separate fund and keep records to show all expenditures from the fee proceeds.

Management's Response and Future Action to be Taken Cavalier County agrees with the status of the recommendation. We will have a separate trust account for each of the funds (land and cell) to show all expenditures from them. This will be started January 1, 2009.

Recommendation #25 **We recommend political subdivisions receiving 911 fees ensure the amounts retained by phone providers for administration costs are appropriate. Political subdivisions should, at a minimum:**

- a) Ensure the maximum amount for administration costs is not exceeded; and**
- b) Ensure the amount retained by phone providers is reasonable by requiring documentation or other information regarding their administration costs.**

Original Condition While a 5% maximum amounts exists in NDCC for the amount phone providers can withhold for the administration in the collection of the 911 fee (\$1 assessed per line per month), the amount to be withheld is to be for the actual costs of administration. In discussions with political subdivisions regarding the amounts retained by phone providers, none had requested or received documentation to determine whether the amount retained was for the actual costs of administration. We also noted in certain instances the documentation provided to the political subdivisions when the 911 fees are submitted does not identify the amount being withheld by the phone providers.

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Recommendations Partially Implemented for 911 Report

Action Taken

Through a limited review of receipts, the maximum amount being retained by phone providers does not appear to be exceeded. We did identify there has been little to no work performed to determine if the amount retained is reasonable or if documentation supporting the administration costs exists.

Management's Response and Future Action to be Taken

The North Dakota Association of Counties is reviewing this area and considering possible actions which could be taken.

Recommendations Not Implemented for 911 Report

Recommendation #26 We recommend political subdivisions receiving 911 fees ensure the use of such funds comply with legislative intent.

Original Condition

We conducted on-site visits of seven counties who use State Radio as their Public Service Answering Point (PSAP) and nine locally owned PSAP locations. A number of expenditures were identified as being in apparent noncompliance with legislative intent for the use of the 911 fees. We noted differences in how 911 fees were used to pay for the expenditures of locally operated PSAPs. None of the nine locations we visited used the same process or method for determining how much of the PSAP operations would be paid by 911 fees.

Action Taken

The 2007 Legislative Assembly made changes to North Dakota Century Code (NDCC) Chapter 57-40.6 regarding the use of 911 fees. With the changes made, 911 fee proceeds are to be expended in accordance with guidelines developed by the Emergency Services Communications Coordinating Committee. This committee is comprised of 3 members – one appointed by the ND 911 Association, one appointed by the ND Association of Counties, and one appointed by the Adjutant General to represent the Division of State Radio.

Effective January 1, 2008, the committee implemented guidelines regarding the use of 911 fees. The guidelines state for a variety of reasons, they encompass a fairly broad understanding of emergency communications. The guidelines identify the following conclusion:

“The ESCC Committee therefore developed these guidelines with the understanding that if a piece of equipment is essential to an emergency services communications system, its full purchase and maintenance costs are allowable – even if that equipment provides some benefit to other non-emergency functions of government.”

Therefore, when a governing body purchases certain equipment, such as a radio tower or antenna, the entire cost of such equipment may be funded with 911 fees regardless of the amount of emergency and non-emergency use.

The guidelines provide information and examples for 911 allowable expenditures, expenditures not allowed, and expenditures not identified. Information on each area follows.

- Allowable Expenditures: examples of allowable expenditures are broken down into the following three categories:
 - Equipment-infrastructure: the guidelines provide 19 examples of equipment purchases, leases, etc. which can be fully funded with 911 fees. Included in the list are communication equipment consoles, desks, and chairs; recording and data storage equipment; radio towers, tower structures, tower sites, antennas; and fax machines and copiers.
 - Staffing: the guidelines state the appropriate percentage of salaries, benefits, and overhead for the staff performing

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Recommendations Not Implemented for 911 Report

the 911 coordination function, PSAP management function, and the emergency services communication function can be funded with 911 fees. This would include call answering, dispatching, call monitoring, pre-arrival instructions, and administrative call management with any public safety agencies. However, the percentage of staff costs associated with administrative functions not related to the implementation, management, and operation of the system of emergency services communications with public safety agencies should not be supported with 911 funds. The guidelines recommend a reasonable formula be determined for allocation of staff costs which should be documented and consistently applied.

- Operation: the guidelines state an appropriate percentage of operational costs associated with 911 coordination function, PSAP management function, and emergency services communication function can be funded with 911 fees. The guidelines again recommend a reasonable formula be established for allocation of costs which should be documented and consistently applied. A list of 11 items is included as to what operational costs may include.
- Expenditures Not Allowed: the guidelines identify responder equipment, responder vehicles, and support of private communication providers to enhance their coverage area as items which are not considered eligible expenditures for 911 funds.
- Expenditures Not Identified: the guidelines state when specific costs not addressed are identified, a description of the cost should be submitted in writing to the committee for a determination.

To determine whether political subdivisions were using 911 fees in accordance with the guidelines, we visited three counties using State Radio as their PSAP and four locally owned PSAP locations and reviewed 911 expenditures for March and May of 2008. We also conducted a limited review of 911 expenditures from calendar years 2006 and 2007. Based on our review, we concluded 911 fees are not being used in accordance with the established guidelines. For example, at the locally owned PSAP locations, we identified in certain locations 911 fees were being used to pay for the entire salaries/benefits of dispatchers and the operational costs of the communication centers. This would not be in compliance with the guidelines which require a reasonable formula be used to allocate costs when functions not related to the implementation, management, and operation of the system of emergency services communications with public safety agencies take place. In addition, we identified 911 fees are paying for a certain percentage of 911 coordinator salaries and benefits. However, there is

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no reasonable basis for how this percentage was determined as is required by the guidelines.

Management's Response and Future Action to be Taken

On the date that the ESCS Expenditure Guidelines became effective, January 1, 2008, all CY08 local government budgets had been set for three months. It is unfortunate that the follow-up was completed so soon after the implementation of the Guidelines, as local jurisdictions were operating under budgets prepared before the Guidelines were adopted, and it is difficult for local government to change the allocation of revenues and costs after formal budget approval. It is our expectation that efforts discussed below will ensure that future budgets will show greater consistency with the Guidelines.

Since the approval of the ESCS Expenditure Guidelines and as local governments approach their 2009 budgeting cycle, efforts have been undertaken to provide technical support and training to the key officials involved in the budgeting/cost allocation process. Since the date of their approval (December 17, 2008), the Guidelines and instructional materials have been provided to county auditors twice. A presentation was made at the annual conference of county treasurers that included a discussion of the "separate fund" requirement enacted in 2007. Also, the members of the North Dakota 911 Association have been presented with both electronic and printed copies of the guidelines and received an oral presentation by the ESCS Committee. With the number of officials involved and the gradual turn-over of individuals, this educational effort must be ongoing. A continuing educational opportunity is currently being planned for local government finance officers to address common problems in budgeting, where the issue of ESCS cost allocation will be one of several topics discussed.

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Recommendations Not Implemented for 911 Report

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911 Fund Balance Information for 22 Counties

There are 22 counties which use State Radio as their Public Service Answering Point (PSAP). Selected 911 fund balance information was requested from each of the 22 counties. The fund balance information provided by the 22 counties can be seen in the table below (both landline/wired and wireless balances were combined into one amount). Caution should be used when reviewing fund balance information and no audit work was performed on the information provided by the counties. In certain instances, 911 fees have been used inappropriately which results in a lower fund balance amount. Also, 911 costs incurred may not have been paid with 911 fees which results in a higher fund balance amount.

County	Fund Balance as of 12/31/05	Fund Balance as of 12/31/06	Fund Balance as of 12/31/07
Adams	\$34,472	\$58,190	\$62,315
Billings	\$50,565	\$39,876	\$44,925
Bowman/Slope	\$29,802	\$43,115	\$38,515
Burke	\$74,158	\$82,593	\$91,908
Dickey	\$48,398	\$54,399	\$43,378
Divide	\$28,992	\$37,092	\$43,374
Emmons	\$18,975	\$25,766	\$21,582
Foster	\$172,288	\$188,661	\$202,853
Golden Valley	\$36,061	\$41,920	\$45,992
Grant	\$0	\$42,559	\$44,735
Griggs	\$11,961	\$38,752	\$45,871
Hettinger	\$23,076	\$22,726	\$21,352
Kidder	\$57,627	\$71,008	\$10,343
LaMoure	\$26,924	\$17,800	\$26,629
Logan	\$54,356	\$64,928	\$14,092
McHenry	\$179,153	\$206,104	\$230,504
McIntosh	\$51,301	\$59,358	\$67,042
Ransom	\$132,636	\$86,363	\$96,947
Sargent	\$32,731	\$74,291	\$64,366
Sheridan	\$15,296	\$14,838	\$9,922
Wells	\$55,050	\$66,824	\$79,032
Total	\$1,133,822	\$1,337,163	\$1,305,677

911 Fund Balance Information for 22 PSAP Locations

There are 22 locally operated Public Service Answering Points (PSAPs)*. Selected 911 fund balance information was requested from political subdivisions. When a PSAP coverage area involved two or more political subdivisions, fund balance information was combined to identify one amount. For example, the PSAP located in Dickinson provides services to both Dunn and Stark County and each county individually receives 911 fees. The fund balances for each county were combined to identify a 911 fund balance amount for the PSAP coverage area. The fund balance information provided to us for the 22 PSAP locations can be seen in the table below (both landline/wired and wireless balances were combined into one amount). Caution should be used when reviewing fund balance information and no audit work was performed on the information provided by the counties. In certain instances, 911 fees have been used inappropriately which results in a lower fund balance amount. Also, 911 costs incurred may not have been paid with 911 fees which results in a higher fund balance amount.

PSAP Location	Fund Balance as of 12/31/05	Fund Balance as of 12/31/06	Fund Balance as of 12/31/07
Bismarck	\$516,977	\$579,545	\$658,569
Bottineau	\$173,986	\$192,830	\$206,408
Cavalier	\$0	\$0	\$59,607
Devils Lake	\$49,184	\$40,948	\$27,786
Dickinson	\$302,656	\$328,708	\$286,955
Fargo	\$207,916	\$125,663	\$234,154
Grafton	\$81,742	\$50,934	\$71,872
Grand Forks	\$1,608,502	\$1,991,204	\$1,279,075
Hillsboro	\$121,181	\$137,963	\$146,215
Jamestown	\$110,352	\$140,134	\$191,095
Langdon	\$70,254	\$71,985	\$74,991
Mandan	\$350,657	\$559,821	\$689,278
Minot	\$1,066,725	\$1,528,287	\$1,999,377
Rolla	0.00	\$44	\$29,144
Rugby	\$110,748	\$79,780	\$75,545
Stanley	\$113,082	\$142,731	\$164,562
Stanton	\$43,653	\$80,046	\$48,152
Valley City	\$43,409	\$86,310	\$105,126
Wahpeton	\$182,191	\$181,079	\$1,834
Washburn	\$43,675	\$39,106	\$41,484
Watford City	\$118,448	\$151,519	\$187,783
West Fargo*	\$269,576	\$361,936	\$517,815
Williston	\$92,428	\$150,284	\$56,083
Total	\$5,677,342	\$7,020,857	\$7,152,910

*There are 21 PSAPs effective January 1st, 2008 as West Fargo joined the Red River Valley Regional Dispatch Center (located in Fargo).