



Information and General Services Department

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August 23, 2021

Fire Safe Council
143 B Spring Hill Drive
Grass Valley, CA 95945

Dear Mr. Thane,

We greatly value the partnership with Fire Safe Council and want to continue having a positive relationship. This letter outlines steps we are expecting to take in order to continue our mutually satisfactory association.

County nonprofit partners we work with are expected to follow all nonprofit legal requirements and industry best practices, implementing policies that address key areas that include:

- Governance
- Financial oversight, practices, reporting, and auditing
- Human resources and operations
- Legal, compliance, ethics, conflicts of interests, and transparency
- Program management and effectiveness
- Nonpartisan activities

The County received a letter dated June 14, 2021 from Susan Kay McGuire (representing Roby Pracht), which identified numerous concerns about Fire Safe Council operations, and we received feedback from members of the public with similar and additional concerns. In response, the County sent a letter to the Fire Safe Council dated June 23rd, 2021, including that the County is not expressing any opinion related to concerns brought to our attention, but we have a duty to oversee funds given to and contracts with Fire Safe Council and to do our due diligence in addressing these concerns.

There are three parts to that due diligence, including: addressing the fiscal and operational concerns that were enumerated in the June 23rd letter to FSC; cooperation with the County to conduct a review of our contracts, documentation to support the payments to Fire Safe Council, and compliance with grant requirements and use of funds; and Fire Safe Council catching up on independent audits of the organization including 2018, 2019 and 2020 fiscal years.

The fiscal and operations concerns have been partially addressed through the June 30, 2019 Internal Controls report from Richardson & Company. That report identified material weaknesses and significant deficiencies including incorrect use of accrual-based

accounting and treatment of grant revenues and advances, findings related to payments to the ED and other staff related to payroll, retirement benefits, health insurance and cell phone reimbursements, and using pay rates that weren't approved by the Board.

These findings indicate a weakness in financial management and controls as well as deficient payroll practices and observance of tax laws. The Internal Controls report addressed only a few of the concerns identified in the County letter, and given the significant findings in the initial report, we would like the remaining concerns addressed by the independent auditor. The County contract review is also underway and there remains critical work to do to complete that project, and there has been progress on the annual financial statement preparation, but the reports for 2020 have not been completed.

We appreciate the work to date performed to address our concerns. We look forward to resolving these remaining outstanding issues very soon. The County is unable to engage with the Fire Safe Council on new contracts until these items are addressed and resolved. It is of utmost priority for us to be able to return our focus and energies to our partnership together, delivering the critical home, neighborhood, and landscape wildfire prevention and education services our community so desperately needs.

Thank you,

A handwritten signature in blue ink that reads "Steve Monaghan". The signature is fluid and cursive, with a long horizontal line extending to the right.

Steve Monaghan, Agency Director
County of Nevada

CC:

Alison Lehman, County Executive Officer
Jamie Jones, Executive Director
Rick Nolle, Vice Chairman