



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT'S WILDLAND FIRE PROGRAM



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Memorandum

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From: Mary L. Kendall *Mary L. Kendall*
Deputy Inspector General

Subject: Evaluation Report – Bureau of Land Management’s Wildland Fire Program
Report No. C-EV-BLM-0003-2012

This memorandum transmits the final report on the results of our evaluation of the wildland fire program at the U.S. Department of the Interior’s Bureau of Land Management (BLM). BLM undertakes a broad range of activities to protect the public, the natural habitat, and recreational areas from the threat of wildland fires. We conducted our evaluation of the program budget, focusing on preparedness and fire suppression funding in fiscal years 2010, 2011, and 2012; the controls over those funds; and the uses of those funds.

We found areas of concern with control weaknesses and deficiencies in documentation. Specifically, we identified issues with general internal controls, property management, purchase cards, and payroll.

Our report makes 11 recommendations to BLM to strengthen monitoring of dollars spent and assets purchased. We note that BLM officials are taking steps to strengthen their monitoring of program spending and to address many of the control deficiencies we identified. Based on your September 11, 2014 response to our draft report, we consider recommendations 3, 6, and 11 resolved and implemented; recommendations 1, 2, 4, 5, 8, 9, and 10 resolved but not implemented; and recommendation 7 unresolved. We will consult with BLM to resolve this recommendation. We will refer these recommendations to the Office of Policy, Management and Budget to track implementation.

The legislation creating the Office of Inspector General requires that we report to Congress semiannually on all audit, inspection, and evaluation reports issued; actions taken to implement our recommendations; and recommendations that have not been implemented.

If you have any questions regarding this report, please call me at 202-208-5745.

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Results in Brief

The Bureau of Land Management (BLM) administers over 245 million surface acres of public land, more than any other Federal agency. This acreage makes BLM a leader in our Nation's wildland fire management efforts. While the program includes a diverse number of activities, fire suppression operations and safety continue to be the core of BLM's overall fire program. The program's 2013 allotment of more than \$250 million demonstrates the fiscal scale of its fire management responsibilities. Without compromising public safety, these dollars must be managed prudently.

The significant threat posed by wildland fires to lives and property, particularly in the western United States, has been clearly documented by researchers, media outlets, and others as wildfires have burned more than 59 million acres during the past decade. According to the National Interagency Fire Center, 2012 saw one of the worst fire seasons in decades, with nearly 70,000 wildfires burning more than 9 million acres. The National Association of State Foresters cites more than 72,000 communities at risk from wildfire.

In the face of such large-scale challenges, we found that the BLM wildland fire program is vulnerable to misuse of funds and potential fraud due to inadequate internal controls and inconsistent implementation of existing controls. The issues we identify in this report undermine BLM's ability to—

- reliably determine the actual cost of suppression activities on individual fires, leaving BLM at a disadvantage when attempting to recoup the full costs of a fire in a case of trespass or arson;
- fully account for purchases of equipment, supplies, and services, leaving the purchase card program susceptible to duplicative purchases, improper use, and fraud;
- readily locate critical or highly pilferable property items, exposing the program to potential theft of equipment; and
- thoroughly validate the accuracy of payroll, leaving the program susceptible to fraud, waste, and mismanagement if inaccurate hours were to be claimed.

In 2012, BLM's then Deputy Director identified these same areas for immediate attention so that wildland fire responsiveness and stewardship of appropriated funds could be improved. Because national standards require funding allocations to be used for specifically identified activities, the Deputy Director instructed BLM's State offices to focus on stewardship of fire suppression funds to ensure their availability for fighting fires.

Ineffective controls have resulted in improper charges to suppression accounts. While we are unable to project the full extent of improper charges, BLM officials

are taking steps to strengthen their monitoring of program spending and to address many of the control deficiencies we identified.

Introduction

Objective

Our objective was to determine if costs incurred by the Bureau of Land Management's (BLM) wildland fire program comply with applicable laws, regulations, policies, and procedures; and to evaluate the effectiveness of the program's internal controls over fire suppression and preparedness funding, and the safeguarding of assets and resources (see Appendix 1).

Background

BLM is responsible for sustaining the health, diversity, and productivity of America's public lands for the use and enjoyment of present and future generations. It administers more than 245 million acres, most of them located in 12 Western states subject to dry conditions and thus susceptible to fire, including Alaska.

Its public land responsibilities make BLM a leader in our nation's wildland fire management efforts. Its fire program is overseen by the Fire and Aviation Directorate (FAD), an organization dedicated to providing national direction, leadership, policy, standards, and operational oversight. FAD is headquartered at the National Interagency Fire Center (NIFC) in Boise, ID, where it works with seven other Federal agencies to manage wildland fires in the United States. FAD works with BLM State and field offices to safely and cost-effectively manage the fire and aviation programs. BLM's national office provides leadership and oversight, develops policy and procedures, and budgets for the fire and aviation programs. State offices coordinate policies and interagency activities within their States, while field offices oversee fire management and aviation activities.

The program undertakes a broad range of activities to protect the public, the natural landscape, wildlife habitat, and recreational areas for multiple uses. While the program includes a diverse number of activities, fire preparation and suppression operations represent its core mission. BLM's fire program continues to place highly trained and skilled professional firefighters and managers in the field to meet the challenges posed by wildfire. It attempts to keep pace with wildland fires as they pose growing threats to lives and property on BLM and other lands. In 2012, the NIFC identified nearly 70,000 wildfires that burned more than 9 million acres, making 2012 one of the worst fire seasons on record. The National Association of State Foresters also has cited more than 72,000 communities at risk from wildfire.

Fire program preparedness dollars cover resource needs that are not directly associated with a given fire incident. Preparedness is a part of the firefighting process that includes developing plans at the State, regional, and national levels; predicting fire activity; hiring, training, and deploying wildland firefighters; evaluating performance; and improving overall operations.

Suppression funding, on the other hand, pays for resources needed for specific fire incidents. It is used by firefighters mobilized directly to incidents, as authorized through such tools as resource orders, dispatch plans, and response plans. Suppression operations include a range of actions taken to manage wildland fires and may include expenses incurred by fireline, command, and support personnel, as well as costs for temporary emergency firefighter personnel, aircraft flight operations, aircraft ramp support, logistical services, supplies, equipment, contracts for goods and services, administrative support directly associated with incidents, and immediate measures to repair damage and mitigate hazards as a result of fire suppression activities.

Short-term severity funding, a type of suppression funding, may be used to mobilize resources for needs expected to last less than 1 week. These funds may cover the added expense of having fire crews ready for extreme weather conditions (e.g., activities associated with high winds and lightning) and special events such as off-road rallies or recreational gatherings. According to NIFC's Interagency Standards for Fire and Fire Aviation Operations (January 2012), FAD chiefs and State directors have authority to expend \$300,000 in short-term severity funding per fiscal year.

To help ensure the appropriate use of funds by BLM staff, the Bureau's then Deputy Director identified, in 2012, several areas for improvement. Specifically, he called attention to the following:

- *Appropriation purpose:* Suppression funding should not be used for normal preparedness activities, or to purchase equipment and supplies to outfit crews and other firefighting assets.
- *Timekeeping:* Firefighters and fire managers should charge their time to a specific fire code only when they are working on that particular fire.
- *Procurement:* Managers and supervisors must ensure that fire equipment and supply procurement is cost effective, meets mission objectives, and complies with agency policy.
- *Personal property management:* Employees must ensure that U.S. Government property is accounted for according to established property management policy.

Further, the Deputy Director requested that fire officials focus not only on protecting human life, property, and natural and cultural resources, but also on the mindful use of wildland fire appropriations, particularly suppression funds.

Findings

The BLM wildland fire program is vulnerable to misuse of funding, both in the ways dollars are spent and in the program's inability to account for all fire purchases. Overall, we determined that the program does not have adequate internal controls, nor does it consistently apply or effectively monitor the controls it already has in place.

In sampling transactions from the four BLM districts we visited (see Appendices 2 through 7), we found misuse of fire codes and special use codes, improperly charged and inadequately documented payroll costs and purchase card costs, and inadequately tracked property. These internal control problems contribute to an environment in which improper use of funds and mismanagement of resources are overlooked even though they are within BLM's control and could contribute to more effective use of fire suppression dollars.

Internal controls over BLM's wildland fire program have left it unable to—

- reliably determine the cost of individual fires;
- fully account for purchase card purchases;
- readily locate either critical or highly pilferable property items; and
- thoroughly validate the accuracy of its payroll.

BLM's fire program needs to focus on reducing internal control vulnerabilities related to fire preparedness and suppression that can lead to improper, wasteful spending as well as an increased potential for fraud. While we do not estimate the full extent of the improperly recorded charges across the program, we point out several instances of improper accounting that illustrate the need to improve accounting through stronger controls and better monitoring and review.

We believe one of the factors contributing to a compromised control environment is the view that fire operations and business management are separate spheres of activity. This perception creates little incentive to maintain accurate records. While public and firefighter safety are paramount, we believe business management can be more effective if viewed as an integral part of program operations. BLM is aware of these internal control problems and has made some changes. Continuing improvement is needed. We address specific control deficiencies below.

Fire Codes

Based on the transactions we reviewed, we believe that the program's management of data leaves the program vulnerable to error and potential fraud. BLM uses multiple data systems, including Fire Code, to manage its wildland fire program. Fire dispatch centers use the Fire Code system to generate unique four-digit alphanumeric codes to identify fire suppression costs charged to specific

fires. Every employee working on a particular fire charges its costs to a unique code associated with that incident. These fire codes reflect authority to expend suppression monies. In an average year, thousands of fire codes may be created. To support multiple fires occurring simultaneously and to help State offices and field units manage their fire expenditures, BLM also uses generic suppression project codes to temporarily capture fire costs. Costs under these “special use” codes are later reallocated to the appropriate fire code.

We found that internal controls related to how BLM associates costs with specific fires were inadequate to ensure that money was spent according to its allocated purpose. In addition, fire codes are open for personnel at field agencies across the country to apply charges. This broad access leaves the data prone to incorrect (and potentially fraudulent) coding. For example, 26 individuals erroneously charged their time to a single-tree fire in the Carson City (Nevada) District, resulting in an overstatement of the cost of the fire-fighting effort by almost 95 percent. In addition, inaccurate coding for charges pertaining to a fire in Texas caused these charges to be attributed to a fire in Idaho. In the Carson City District, we also identified four instances of fire code discrepancies, amounting to approximately \$7,900. This miscoding occurred because of data entry errors not identified by follow-up checking.

Inaccurate coding may leave BLM unable to recoup the total cost of a fire in a trespass or arson case. BLM seeks restitution from individuals or companies in cases of wildland fire caused by human activity, whether by arson or accident. These costs can run into the tens of thousands of dollars. For example, an individual who pled guilty to starting the Ruby Canyon Fire in Colorado was ordered to pay more than \$14,000 in restitution to BLM. In addition, BLM sought more than \$280,000 in restitution from two trespassers at the Iosepa Project Area who were found responsible for starting the Horseshoe Fire in Utah. If BLM does not have complete and properly documented cost records associated with a given fire, however, it is at a disadvantage in restitution proceedings and negotiations, potentially recouping far less than full cost.

Further, fire codes are left open for months after a fire has been declared extinguished. This leaves the accurate cost of a fire unknown and extends vulnerability to misuse. According to program officials, codes primarily are left open due to the timing of payments for fire-related aviation activities. Contracts typically state that aviation vendors should bill every 2 weeks, but program officials acknowledge that this does not happen.

While fire codes can be closed and then reactivated after a period of inactivity, BLM’s budget office did not believe this internal control was worth the time required to conduct such a labor-intensive process. The budget office did acknowledge a problem with leaving the fire codes open for extended periods, however. Office staff indicate that they have started reviewing fire codes on a

yearly basis and inactivating those that are of a certain age and have had no activity for a certain amount of time.

Another problem for BLM is its use of multiple systems that do not adequately interface. As a result, coded data must be manually transferred among BLM's various systems, but the data is not systematically reconciled to ensure accuracy and consistency. Our testing found numerous errors related to manual entry, and because no reconciliation process exists, these errors were not identified or corrected by BLM. The absence of such reconciliation across systems means that fire-related data may be inconsistent across the Fire Code system, the Resource Ordering and Status System that mobilizes fire resources, the payroll system, and other data collection programs capturing information related to fire preparedness and suppression. Each manual transfer increases the likelihood of error and discrepancy.

There is no systematic reconciliation by BLM that compares charges for a given fire against the personnel or other resources assigned to that fire. This leads to uncertainty as to the cost of a given fire incident, impacting reimbursement from human-caused fires as well as BLM's ability to fully account for taxpayer funds. The district office responsible for reporting on a given fire can access BLM's various accounting systems to see all fire-related charges that have been made, including payroll, travel costs, and purchases using Government purchase cards, as well as the fire codes to which such charges have been applied. Some district officials, however, did not know that they had this ability. Such knowledge would have allowed them to reconcile and thus correct many of the errors that we noted. BLM officials informed us that new procedures are under development that may fix this problem, and that business management is receiving increased emphasis during national fire preparedness reviews.

Recommendations

BLM should:

1. develop and implement procedures to restrict an individual's ability to charge either time or purchases to a specific fire code;
2. develop and implement procedures to limit the amount of time that fire codes are left open after a fire is declared extinguished; and
3. develop and implement procedures to increase monitoring and reconciliation to verify that charges to fire codes are valid for the specific fire.

Purchase Cards

Inconsistent administrative oversight of purchase cards resulted in the incomplete or inaccurate documentation of purchases. At the four districts we visited, we found incomplete purchase card transaction documentation, including files that were missing resource orders, receipts, and authorizing signatures. Poor documentation encourages an environment where purchase cards can be misused.

In 2011, BLM Internal Affairs began to review the fire suppression program due to finding \$799 thousand in gift card purchases, with approximately \$70 thousand of those charges on a Government purchase card from the Idaho State Office. Government cards had been used to purchase gift cards from various vendors such as REI, American Express, FredMeyer, and Visa. When the BLM investigator requested supporting documentation for the expenses, staff could not locate the purchase card statements, which were said to be missing. In December 2012, a BLM employee also pled guilty to using her Government purchase card to buy electronic equipment and gift cards for personal use. BLM found that approving officials were not adequately reviewing purchase card records and receipts. The Bureau demonstrated weak internal controls over purchase cards and poor compliance with Federal policy, which makes the purchase card program susceptible to fraud, waste, and abuse.

Recent BLM internal reviews of the Boise and Carson City Districts identified similar issues, signaling that employees do not fulfill requirements to support purchases with required documentation and that supervisory review of purchases is inadequate. Since traditional internal controls are impractical in emergency firefighting situations, compensating internal controls, such as resource orders and receipts, become even more important. These compensating controls ensure that highly pilferable items, such as GPS units or iPads, purchased during a fire emergency, are properly accounted for and entered into inventory records. When these controls are not properly followed, the potential for theft of items that are also desirable for home use substantially increases. In addition, the opportunity for such theft to go undetected grows considerably.

Finally, we found purchase card charges inappropriately applied to the fire suppression line of accounting instead of fire preparedness. This distorts both the basic operating budget for fire units and the costs associated with specific fire incidents. For example, in the Southern Nevada District, charges had been applied to fire suppression accounts for such items as pest control services, an atlas, and a chainsaw purchased before the fire started. In addition, in the Carson City District, charges for janitorial services amounting to \$3,200 had been charged to fire suppression against multiple fires in another State. Such situations go counter to the purposes for which the budget was initially approved.

Specifically, the fire preparedness line of accounting is to be used for fire prevention and detection as well as for equipment, training, and baseline personnel costs—expenses that should not be charged to suppression. BLM needs

to conduct normal operations within the constraints of its budget like any other agency. When BLM improperly uses the fire suppression line of accounting for normal operating costs, it impairs the ability to account accurately for taxpayer dollars spent—both for preparedness and for emergency firefighting.

Recommendations

BLM should:

4. ensure that compensating controls to support purchase card transactions, such as resource orders, are in place and operating in all offices;
5. establish plans to ensure that authorizing officials are properly reviewing purchase cardholder monthly statements, including validating the authorization and receipts for all purchases; and
6. conduct periodic reviews to ensure purchase costs are charged to the correct program activity (suppression or preparedness) and fire code (if suppression).

Property

Inaccurate and incomplete property inventory listings increase the potential for the undetected theft of handheld tools, cameras, and other items that are used to fight fires but that are also equally desirable for personal use. Incomplete inventories also increase the likelihood that BLM may unknowingly purchase items it already owns in sufficient quantities. Thus, when internal controls designed to ensure accountability of property are not followed, needless increases to the overall costs of firefighting can occur.

The four districts we visited could not produce a complete or accurate list of locally managed property. When property was tracked, tracking occurred based on chronological event (e.g., issuance, transfer, or disposal), rather than through records retrievable by person or item. Also, not all of the sites had BLM decals or other appropriate markings on the equipment we examined. For example, the Idaho Falls District could not account for anything purchased prior to 2011.

In addition, physical property on hand did not always match signed inventory records, as illustrated by a specialty printer and a utility vehicle located in the Boise District but not on the current inventory list. The Carson City District inventory listed a fire pump and truck that had been disposed of prior to 2013, although the responsible employee signed the 2013 inventory indicating that the district still owned it.

Mistakes do occur in any organization, but the prevalence with which we found inventory errors indicates an inadequate environment for controlling property. Effective property accountability helps to deter theft and prevent duplicate purchases, thus supporting program economy.

Recommendations

BLM should:

7. complete a physical inventory of all system-controlled and locally managed property;
8. ensure that all system-controlled and locally managed assets are properly marked as Government property; and
9. establish controls that allow for retrieval of property by property type (e.g., camera) and responsible employee.

Payroll

BLM demonstrated grossly inadequate internal controls when accounting for payroll costs, placing itself at high risk for fraud while simultaneously hampering its ability to substantiate allegations of fraud, were they to occur. For example, in the Southern Nevada District, we found that staff charged time to fires before the fires even occurred and that at least one employee charged time to a fire approximately 9 months after the fire was out. In addition, the Carson City District could not provide us with any supporting timesheets, crew time reports, or firefighter time reports for the 2010 fires. At two of the other districts we visited, we also found instances of missing or inadequate supporting documentation. This absence of supporting documentation leaves the wildland fire program's payroll charges at high risk for fraud and generally makes it impossible to verify the accuracy of most payroll charges.

Risk management strategies designed to support safe firefighting practices cannot be verified when internal controls are not followed and adequate documentation is not maintained. Specifically, managers are required to use aggressive risk management to prevent accidents. One such risk management tool is fatigue mitigation, which requires 1 hour of rest/sleep for every 2 hours of work. Without detailed records of the number of overtime hours authorized for each firefighter, officials cannot later determine whether required fatigue mitigation risk management plans have been followed. While BLM national policy for interagency fires requires that either a crew time report or a firefighter time report be used for timekeeping purposes, BLM policy for local fires does not expressly require either of these forms.

In addition, we found that firefighters were not properly charging overtime and hazard pay against the proper fire codes. When improper fire codes are used, BLM may be unable to determine the total cost of a fire, particularly in the case of trespass or arson where costs have the potential to be reimbursed. For example, in the Carson City District, we sampled 10 payroll items for individuals assigned to a fire and determined that only 22 percent of the sampled overtime costs were actually authorized for the specific fire. The remaining 78 percent of overtime should have been charged to other fires. In the same district, we also found that multiple people charged time to a fire to which only one person actually was assigned.

Finally, DOI policy requires that employees funded with fire preparedness dollars continue to charge their regular hours to the fire preparedness program even when they are assigned to a wildfire suppression incident (DOI Base 8 Funding Policy, FA IM-2011-27). Overtime and premium pay should be charged to a unique fire code attached to suppression monies. Our review found that personnel from the Southern Nevada District charged regular base pay to suppression, instead of preparedness. Inconsistent practices for recording payroll costs distort the apparent costs of unit operations and fire incident response.

Recommendations

BLM should:

- I 0. ensure that proper documentation is created and maintained to support payroll authorizations; and
- I 1. conduct periodic reviews to ensure that payroll costs are charged to the correct program activity (suppression or preparedness) and fire code (if suppression).

Conclusion and Recommendations

Conclusion

The BLM wildland fire program is vulnerable to misuse of funding in part because of the program's laxity in internal control supervision. The weaknesses inherent in monitoring dollars spent and assets purchased make the program susceptible to fraud. We identified four internal control areas needing improvement: fire codes, purchase cards, property, and payroll. We encourage improved accountability over program resources and more accurate reporting and recordkeeping. We believe that such improvements will benefit program transparency and facilitate better use of taxpayer dollars, helping to reduce the vulnerability of the program overall and improving accountability for fiscal resources.

Recommendations Summary

In its response to our draft report (see Appendix 8 , and below for a summary of BLM's response to each recommendation), BLM indicated that it "has undertaken an unprecedented, high-priority effort to improve the business management of its fire program." BLM's general response indicates that "significant, concrete steps ... mark a cultural shift in how fire-related funds are managed at every level of the BLM fire program on an ongoing basis."

Specifically, BLM indicated that it—

- has focused on improving its policy for business management and published its *Standards for Fire Business Management*;
- has invested in training and hiring fire business specialists and fire administrative assistants whose primary job is to help fire management personnel adhere to current guidance on use of fire funds;
- has required training for all BLM fire program employees on ethical behavior, integrity, and business management policies;
- has invested in new information technology tools to improve its oversight of fire expenditures; and
- is developing new program reviews.

We recommend that BLM:

1. Develop and implement procedures to restrict an individual's ability to charge either time or purchases to a specific fire code.

BLM Response: BLM concurred with this recommendation in principle, and said it had addressed this concern through a combination of clarified policy and strengthened reviews. BLM notes in its response that it is not currently in a position to implement a manual or system-based restriction of fire codes but has strengthened policy, audit, and enforcement requirements to ensure that codes are used in an authorized manner. BLM

says it will revisit the technical feasibility of limiting fire codes to specific personnel by January 2016.

OIG Reply: We acknowledge that up-front systems controls might face significant technical hurdles or be beyond BLM’s direct ability to implement, given the inter-agency context in which it operates. Absent these strong controls, we consider this recommendation resolved but not implemented. In addition to revisiting the technical feasibility of system-based controls, BLM should assess the effectiveness of its recent changes to policy, monitoring, and enforcement before deeming this corrective action complete. Effectiveness requires that policy is communicated to those who implement it, that monitoring efforts identify noncompliance and its causes, and that enforcement procedures ensure that corrective (and disciplinary, if warranted) action is taken. We will refer this recommendation to the Assistant Secretary for Policy, Management and Budget (PMB) to track implementation.

2. Develop and implement procedures to limit the amount of time that fire codes are left open after a fire is declared extinguished.

BLM Response: BLM concurred with this recommendation and indicated that it has addressed the issue through new procedures. It indicated that fire codes are now closed 18 months after their last activity, a reduction from 24 months. BLM acknowledged that current aviation billing practices are a significant factor limiting improvement in this area and stated that it is testing new processes to expedite billing and may reduce the time it takes for final costs to enter the financial system. Further, BLM indicated that identifying codes to be deactivated is “an exceptionally burdensome task” but that it is analyzing other ways to develop lists of codes suitable for closing. The process and time limits for fire codes to be closed will be reviewed on a regular and continuing basis, according to BLM. Specifically, the 18-month closure policy and other potential improvements will be reviewed by January 2016.

OIG Reply: Based on BLM’s response, we consider this recommendation resolved but not implemented. Results of ongoing process and data analyses should be considered before deeming this corrective action complete. We will refer this recommendation to PMB to track implementation.

3. Develop and implement procedures to increase monitoring and reconciliation to verify that charges to fire codes are valid for the specific fire.

BLM Response: BLM concurred with this recommendation and has addressed it through policy and through national, state, and local review

processes. Ongoing monitoring will ensure the policy continues to be met. In addition to its response to our draft report, BLM provided examples of the types of findings its new reviews are uncovering at district and field sites.

OIG Reply: Based on BLM's response, we consider this recommendation resolved and implemented.

4. Ensure that compensating controls to support purchase card transactions, such as resource orders, are in place and operating in all offices.

BLM Response: BLM concurred with this recommendation and has addressed it through policy and through national preparedness reviews, conducted annually on a rotating basis in three states and through periodic audits. BLM will continue to monitor compliance with policy and will consider additional corrective measures by January 2016.

OIG Reply: Based on BLM's response, we consider this recommendation resolved but not implemented. We note that BLM policy requiring documentation to support charge card purchases was already in place prior to our fieldwork and the findings in this evaluation report. BLM has implemented additional reviews to assure conformance to these established policies, and should assess the effectiveness of its new review procedures before deeming this corrective action complete. We will refer this recommendation to PMB to track implementation.

5. Establish plans to ensure that authorizing officials are properly reviewing purchase cardholder monthly statements, including validating the authorization and receipts for all purchases.

BLM Response: BLM concurred with this recommendation and has addressed it through policy, procedures, and internal controls. BLM has provided BLM Standards for Fire Business Management (known as the "Orange Book") for specific direction to charge card users and managers, beginning in 2010, and has subsequently implemented supporting and accountability enforcement actions for all Bureau personnel including fire. Enforcement and auditing is ongoing. BLM will review progress on charge card controls in accordance to the Integrated Charge Card Manual (BLM 1512) and consider additional improvements by January 2016.

OIG Reply: Based on BLM's response, we consider this recommendation resolved but not implemented. We note that these policies, procedures, and internal controls were in place prior to our fieldwork and the findings in this evaluation report. BLM should assess the effectiveness of its improved monitoring and "supporting and accountability enforcement

actions” before deeming this corrective action complete. We will refer this recommendation to PMB to track implementation.

6. Conduct periodic reviews to ensure purchase costs are charged to the correct program activity (suppression or preparedness) and fire code (if suppression).

BLM Response: BLM concurred with this recommendation and indicated that it has already addressed it through policy. BLM will continue to monitor to ensure adherence. Further, BLM has completed a national review of suppression purchases that resulted in lists of suspect transactions being provided to state office staff to ensure the validity of the charges. According to BLM, this review was an initial test of an annual review of program expenditures. In addition, a new report has been developed by BLM’s headquarters’ office to help managers track charge-card expenditures made to the fire program and should give managers better oversight of their employees’ charge card use.

OIG Reply: Based on BLM’s response, we consider this recommendation resolved and implemented.

7. Complete a physical inventory of all system-controlled and locally-managed property.

BLM Response: BLM partially concurred with this recommendation, to the extent that the recommendation addresses cache items and major property purchased with fire funds and has addressed it through new policy and procedures. It indicated that it currently exceeds DOI requirements in that all capitalized assets, radio assets, and firearms have to be inventoried annually. BLM stated that it already completes inventories of major property according to DOI standards, and will continue to explore a practical method of tracking small items. Further, BLM stated that its practice is to conform to interagency policy guidance on incident-procured property.

OIG Reply: Based on BLM’s response, we consider this recommendation unresolved. We note that BLM Manual 1520 (issued 2011) and the updated BLM Standards for Fire Business Management (issued 2013) both require “an inventory of all accountable property (system-controlled and locally-managed).” The more important concern is that, regardless of the frequency of inventory activities, the inventory data in all four sites we visited were not complete or accurate, in accordance with BLM’s own standards. BLM should make, and communicate, a management decision as to what property must be inventoried and how frequently. Further, BLM should implement reviews that ensure inventories are reasonably accurate. BLM should not deem this corrective action complete until they

find that the accuracy of field inventory data is improving. We will discuss this recommendation further with BLM officials before referring it to PMB to track resolution and implementation.

8. Ensure that all system-controlled and locally-managed assets are properly marked as Government property.

BLM Response: BLM concurred with this recommendation and is pursuing process improvements to ensure adherence to current policy. It will conduct periodic reviews to ensure Government property is properly marked, and will consider additional changes to policy based on periodic reviews of Government property. BLM's target date for corrective action is January 2016.

OIG Reply: Based on BLM's response, we consider this recommendation resolved but not implemented. We will refer this recommendation to PMB to track implementation.

9. Establish controls that allow for retrieval of property by property type (e.g., camera) and responsible employee.

BLM Response: BLM concurred with this recommendation and is exploring options to create better controls at this level of detail. Potential options to explore include having an incident business specialist on hand through the close-out process, and establishing a Bureau-wide format for tracking locally managed items, as well as tracking using the FBMS database for sensitive items. In its response, BLM indicated a target date of January 2016.

OIG Reply: Based on BLM's response, we consider this recommendation resolved but not implemented. We will refer this recommendation to PMB to track implementation.

10. Ensure that proper documentation is created and maintained to support payroll authorizations.

BLM Response: BLM concurred with this recommendation and has already addressed it through policy and procedures. Documentation is monitored on a continual basis through review and oversight. BLM has also updated employee training to stress the importance of proper timekeeping and payroll documentation. BLM will review progress and consider additional improvements by January 2016.

OIG Reply: Based on BLM's response, we consider this recommendation resolved but not implemented. We will refer this recommendation to PMB to track implementation.

11. Conduct periodic reviews to ensure that payroll costs are charged to the correct program activity (suppression or preparedness) and fire code (if suppression).

BLM Response: BLM concurred with this recommendation and has already met its direction through a variety of tools and oversight. Notably, it has developed a means to integrate data from three separate systems and will use this tool as part of readiness reviews to be conducted annually for each of BLM's twelve state fire management programs, on a rotating basis.

OIG Reply: Based on BLM's response, we consider this recommendation resolved and implemented.

Appendix I: Scope and Methodology

Scope

Our scope covered Bureau of Land Management (BLM) wildland fire program suppression and preparedness funding for fiscal years 2010 and 2011. We conducted site visits to BLM State offices in Utah and Idaho, BLM District offices in Idaho and Nevada, and the fire interagency office in Idaho, from May 2012 through March 2013.

We conducted our evaluation in accordance with the Quality Standards for Inspection and Evaluation as put forth by the Council of the Inspectors General on Integrity and Efficiency. We believe that the work performed provides a reasonable basis for our conclusions and recommendations. We did not review the data reliability of the various information systems.

Methodology

To accomplish our objective, we—

- interviewed fire interagency and Bureau officials to discuss the use of fire codes, payroll and charge card charges, and accountability of property;
- reviewed applicable laws, regulations, policies, procedures, and various reports related to the use of fire suppression and preparedness funding within BLM's wildland fire program; and
- analyzed a limited number of judgmentally selected payroll records, charge card statements, and property items.

Although the number of specific transactions and items we examined is small relative to the full scale of the program, we believe the work we completed is sufficient to demonstrate that deficiencies exist in the control system.

Appendix 2: Sites Visited and Contacted

Sites Visited or Contacted	Locations
Idaho State Office	Boise, ID
Boise District Office	Boise, ID
Hammett Guard Station	Hammett, ID
Idaho Falls District Office	Idaho Falls, ID
Twin Falls District Office	Twin Falls, ID
Shoshone Field Office	Shoshone, ID
Carson City District Office	Carson City, NV
Southern Nevada District Office	Las Vegas, NV
Montana State Office (contacted)	Billings, MT
Utah State Office	Salt Lake City, UT
National Interagency Fire Center	Boise, ID

Appendix 3: Schedule of Monetary Impact

Issue	Rec #	Funds Put to Better Use	Questioned Costs Unsupported Costs
Purchase Cards			
Unauthorized Purchases for Personal Use	4		
Purchase Cards			
Invalid and Purchases Without Supporting Documentation	5		\$41,042.95
Property			
Improving Inventory, Decreasing Duplicate Purchasing	7		
Payroll			
Time Claimed Without Supporting Documentation	10	Unable to determine	\$73,257.01
Total			\$114,299.96

Given the level of internal control weaknesses we identified, the volume of missing documentation, and the manner of tracking costs by fire code rather than by location, we were unable to determine the exact monetary impact in each category.

Appendix 4: Boise District Office

As part of our evaluation of the Bureau of Land Management (BLM) wildland fire program, we visited BLM's Boise District Office to review property, purchase card use, payroll, and fire codes. We found some control weaknesses and deficiencies in documentation, which create the risk of fraud, theft, or misuse of U.S. Government resources.

Property

BLM's manual for personal property management requires field offices to maintain a complete and accurate inventory of all property owned. BLM policy also requires that system-controlled property, which includes property with an acquisition cost greater than \$5,000, be recorded and controlled in the U.S. Department of the Interior's Financial and Business Management System (FBMS).

Since locally managed property has an acquisition cost below the accountability threshold, it must be managed through local procedures, such as the use of a receipt for property (DI-105). Examples include property that, if lost or stolen, could result in security risks to BLM proprietary data (e.g., cell phones, BlackBerrys, and flash drives) and property that could easily be converted to personal use (e.g., dual-purpose items such as cameras, binoculars, and GPS units). Locally managed property that can be easily pilfered should be controlled on a signed DI-105 and affixed with a BLM decal or other appropriate marking.

During our site visit, we found multiple property lists for system-controlled property belonging to the Boise District fire group (lists for fire, cache radios, and dispatch). We judgmentally selected 31 property items from the fire system's controlled property list. We verified all but one AM radio, which was said to be located offsite in Mountain Home. We also physically observed and located another 47 items on this property list. We observed, however, a specialty printer located in the fuels building that was not included on any of the property lists.

We conducted a complete inventory of the radio cabinet in the warehouse. The cabinet contained 164 radios. Records for these radios, however, indicated that 2 of them were lost and 49 of them were assigned to individuals.

We also found that the District Office has not been recording locally managed property purchases. As a result of our onsite property verification, we were concerned that certain system-controlled property listings were not accurate, especially since we found items not on the latest property listing. We were also concerned that dual-purpose items, such as cameras, cell phones, computer monitors, and televisions, were not being adequately tracked at the local level.

Charge Cards

For charge card and payroll data extracted from FBMS, we based our analysis on the two categories: total charge card costs per acre and average labor cost per hour. We judgmentally selected two fires—FY4H OTA 106 and F9BN Big Foot—from which to sample associated purchase card and payroll data.

Our preliminary data review of the FY4H OTA 106 fire showed costs were charged by individuals from offices other than the Boise District. We found that charges to the OTA 106 fire appear to have been for a fire in Texas (FYH4). Charges were miscoded due to what appears to be a transposition error of the fire code.

Due to the transposition error, we decided to select another Boise District fire, GAK3-MM101 184. Discussions with Boise fire staff, however, revealed that none of the employees in our sample were Boise Fire District employees. The employees were actually based out of the Shoshone fire district. Boise District staff determined that a fire in the Shoshone district, coded GAK2, burned more than 150 acres that same day. We concluded that the apparent overcharges to GAK3 were likely improper charges that should have been allocated to GAK2.

A system of internal controls over the use of Government charge cards would help BLM minimize the potential for fraud and misuse. According to BLM policies and procedures guiding charge card statement reconciliation, the cardholder is required to provide a clear, concise description of the item purchased, including supply number or vehicle license number where applicable. Pertinent resource orders also are supposed to be filed with the charge card statement. Both the cardholder and the approving official must sign and date the charge card statement and related purchase log.

We reviewed all the charge card transactions for the F9BN Big Foot fire. Analysis of the fire's \$9,105 total charge card costs, revealed questionable charges:

- An amount of \$219 was incorrectly charged. According to the description and accounting code on the charge card statement, this cost should have been charged to another fire.
- Two dry-erase boards costing \$277 should not have been charged to the Big Foot fire because they were meant to be used by the shop and did not solely benefit this fire.
- We question whether field supplies such as 28 helmets and 48 helmet pads solely benefited the Big Foot fire and whether they should have been charged against its fire code. Based on the number of meals charged (a more reliable metric than the number of helmets), we determined that 45 people worked on the fire.
- We also identified missing charge card statements. We obtained copies from BLM's National Operations Center, which lacked adequate line-item descriptions and receipts.

Payroll

Employee timekeeping records are to be maintained under a system of control and relied upon for payments to these program personnel. Emergency firefighter time reports and crew time reports certified with an authorized signature are considered accurate for pay purposes. We judgmentally selected 35 payroll items associated with the Big Foot fire and found that 14 had no timesheets associated with them. Of the remaining 21, we found signatures missing, as well as no support documentation such as justification for 16-hour shifts and hazard pay. Inaccurate timekeeping heightens the risk of misuse of preparedness and suppression funds.

Coding

We also reviewed the use of fire codes and miscellaneous quad codes:

- *Fire codes:* Using the data from FBMS, we determined the universe of fire codes assigned to the Boise district. We selected a sample that included fire codes FUG5, GG44, GG45, GJ41, GJ8T, and GKE6. After reviewing the fire reports and talking with individuals from the Idaho, Wyoming, and California offices, we determined each district had the authority to charge against the fire codes. The wrong fire codes, however, were being used when these districts charged their costs to specific fire codes:
 - Charges against FUG5 from Wyoming should have been charged against FVG5.
 - Charges against GG44 from California should have been charged against GG4U.
 - Charges against GG45 from California should have been charged against GG4S.
 - GJ41, GJ8T, and GKE6 did not have any charges against them; they were all Orchard Training Area (OTA) fires. The issue here is that each of these fire codes had two fire names. GJ41 is assigned to fire names OTA 133 and OTA 134; GJ8T is assigned to OTA 169 and OTA 170; and GKE6 is assigned to OTA 177 and OTA 178.
- *Quad codes:* We sampled quad code 4444, 7777, and 9999 transactions for fiscal years 2010, 2011, and 2012. We requested support for the selected transactions several times but never received it.

In reviewing the quad code 4444 sample selection data, we determined the following:

- *FY 2010*
 - All the selected transactions appear to have been charged in accordance with policy, and costs were later transferred to specific fire codes as required. We were unable, however, to determine if the charges were transferred to the proper accounts.
- *FY 2012*
 - Some of the charges were not applied in accordance with policy because they were not travel related; however, all the transactions

were later corrected. In addition, all but one of the transactions appears to have been transferred to a specific fire code.

- A charge of \$2,598 for portable toilets for the crew yard initially was charged to quad code 4444 (travel), but then transferred out to quad code 9999 (miscellaneous).
- Charges for replacing items destroyed by fire included a GPS unit costing about \$400.
- We received no receipt or resource orders to support a charge of \$548 for 40 breakfasts.

In reviewing the quad code 9999 sample selection data for fiscal years 2010 through 2012, we were unable to determine if the transactions were made in accordance with policy or transferred to the proper account.

Appendix 5: Carson City District Office

As part of our evaluation of the Bureau of Land Management (BLM) wildland fire program, we visited BLM's Carson City District Office to review property, purchase card use, payroll, and fire codes. We found some control weaknesses and deficiencies in documentation, which create the risk of potential theft or misuse of U.S. Government resources and related fraud.

Property

The Carson City District Office currently has no policy governing property other than BLM's overarching policy to maintain a complete and accurate inventory of all property owned. Current BLM policy requires that system-controlled property, which includes property with an acquisition cost greater than \$5,000, be recorded and controlled in the U.S. Department of the Interior's Financial and Business Management System (FBMS).

Since locally managed property has an acquisition cost below the accountability threshold, it must be managed through local procedures, such as the use of a receipt for property (DI-105). Examples include property that, if lost or stolen, could result in security risks to BLM proprietary data (e.g., cell phones, BlackBerrys, and flash drives) and property that could easily be converted to personal use (e.g., dual-purpose items such as cameras, binoculars, and GPS units). Locally managed property that can be easily pilfered should be controlled on a signed DI-105 and affixed with a BLM decal or other appropriate marking.

While the Carson City District does not have a policy for locally managed property, the district does maintain a listing of system-controlled and locally managed property. We judgmentally selected 30 property items (17 system-controlled and 13 locally managed) from the district office's property list. During our site visit, we located and verified additional property items.

As a result of our onsite property verification, we identified some discrepancies. Specifically, 7 of the 17 system-controlled items could not be verified:

- A GPS unit, misclassified on the property list as a laptop computer, did not have a BLM inventory tag.
- A BLM inventory tag on a micro-motion sensor was not visible. We concluded this to mean the sensor did not have a tag.
- A BLM inventory tag had not yet been affixed to a smart board recently purchased for the new "hotshot" facility.¹

¹ The facility is used by interagency hotshot crews, which provide an organized, mobile, and skilled crew for all phases of wildfire suppression. BLM has diverse teams of career and temporary Federal employees who are multiskilled professional firefighters.

- We were told that a truck pump still on the property list had been disposed of.
- A fire truck was said to be at a remote location that was closed for the season.
- Two laptop computers had recently been replaced.

In addition, 4 of the 13 locally managed items could not be verified:

- One GPS had been transferred to someone on detail and could not be located at the time of our visit.
- Three IBM Thinkpads[®] had been disposed of even though a DI-105 was located in the files.

We also found circumstances where DI-105s for locally managed property were missing, incomplete, or outdated. In addition, locally managed property items that we examined did not have decals or other markings to indicate they were BLM property.

Charge Cards

A system of internal controls over the use of Government charge cards would help BLM minimize the potential for fraud and misuse. According to the BLM and Nevada State Office policies and procedures associated with reconciling charge card statements, the cardholder is required to provide a clear, concise description of the item purchased, including supply number or vehicle license number where applicable. In addition, the pertinent resource orders should be filed with the charge card statement. Both the cardholder and the approving official must sign and date the charge card statement and related purchase log.

For our charge card review, we analyzed data extracted from FBMS, which provided us with the charge card transactions for all personnel assigned to the district that charged against a suppression fire code. We selected a sample of 40 transactions. Our review of charge card transactions identified several issues:

- For 19 of 40 transactions, the approving official did not sign and date the statements within 30 days of statement date.
- Two charge card statements were not signed and dated by cardholders, three were signed but not dated, and four were dated late.
- Three transactions had inadequate descriptions or were missing receipts.
- Four transactions had no indication of reallocation in FBMS.
- In four instances, costs were charged to the wrong fire code; codes were also either incorrectly written on the charge card statements or incorrectly entered into FBMS.
- In two instances, costs were charged to a single fire when they should have been allocated to more than one fire.
- More than \$2,000 in fire retardant costs that should have been charged to a specific fire code was charged to miscellaneous (quad code 9999).

- A charge of \$400 for water resource permits should not have been charged to fire suppression.
- Janitorial services (\$3,200) for the Minden Dispatch Center were inappropriately charged to fire suppression. In addition, no procurement contract existed for these services.

Payroll

Timekeeping records for individuals are to be kept under a system of control and relied upon for payments made to program personnel. To determine how consistently this occurs, we had payroll data extracted from FBMS. We then analyzed the fire data based on the two categories of labor costs per acre and labor costs per hour.

We judgmentally selected four fires—FLP0 Indian, FL70 Empire, FJ54 Powerline, and F7LL Rifle—from which to pull payroll data and select a sample for review. We analyzed 50 timekeeping records associated with the fires. Twenty-eight of the records were for fiscal year 2010. The staff at the office had no timekeeping documents available other than reports from the timekeeping system available for that year (Quicktime). For fiscal years 2011 and 2012, our review identified missing or unsigned timesheets. We found insufficient documentation to support the overtime and hazard pay charges for all except two of the sampled items. Of the 10 items reviewed for employees not associated with Carson City fire management, we received adequate supporting documentation for only 1 employee's overtime and hazard pay charges. Specifically, we found the following information:

- *Indian*: Only 1 of the 10 sampled employees was assigned to this fire, according to dispatch records. Therefore, of the \$5,160 in payroll costs, \$4,897 was inappropriately charged to this fire code.
- *Empire*: Only 2 of the 10 sampled employees were assigned to this fire, according to dispatch records. Another employee in the sample was a seasonal employee at the Stead Air Tanker Base. We were told she may have worked on this fire, but we could not verify her assignment from the records provided during our site visit. Seven of the 10 sampled items had excessive overtime, in the amount of \$2,149, charged to the fire.
- *Powerline*: All of the 10 employees sampled were either assigned to the fire or in an overhead position associated with fire work. We concluded, however, that these individuals charged excessive amounts of holiday pay and overtime to this fire, even though the fire lasted less than an hour. For example, the assistant fire management officer charged 20 hours—12 on the day of the fire and 8 the next day—of overtime, amounting to \$1,200. He told us that most of this time should have been charged elsewhere, and that he had worked on 2 of his days off due to high fire danger. In addition, three individuals charged 8 hours of holiday pay and 2 hours of overtime to this fire. After allowing for 2 hours of holiday pay, we

concluded that \$2,807 of the sampled overtime and holiday pay should have been charged to severity funding.

- *Rifle*: It appears that four individuals from outside the district may have inappropriately charged this fire code, in the amount of \$1,309.

Inaccurate timekeeping heightens the risk of misuse of preparedness and suppression funds.

Coding

We also reviewed the use of fire codes and miscellaneous quad codes:

- *Fire codes*: Using the data from FBMS, we determined the universe of fire codes assigned to the Carson City District. We selected a sample that included five fires: FM15 Constantia, FP0S Wolf Creek, FV4N Peterson, GA1D Ray May, and GG6C Buckeye. Based on our review, we determined that the district had the proper authority to charge to these fire codes.
- *Quad codes*: We selected a sample of quad codes 4444, 7777, and 9999 transactions for fiscal years 2010, 2011, and 2012. The district's use of the quad codes was mostly limited to charge cards. As for ABCD codes, we sampled 10 payroll charges from 2011 and 2012 from the EK1P fire code for assistance to the U.S. Forest Service at the Humboldt Toiyabe National Forest. We found inadequate support for overtime and hazard pay for 8 of the 10 sampled items. There was no support on file for three items, three items only had Quicktime runs on file for the pay period reviewed, and two items had timesheets but they were not signed by the supervisor. The remaining two items had signed copies of the timesheet in compliance with State Office guidance.

Two individuals may have inappropriately charged expenses, in the amount of \$477, to EK1P. These charges were not supported by the Wildland Computer Aided Dispatch System (WildCAD) logs provided. One of the charges pertained to an engine-crew member for days where WildCAD did not show the engine working on EK1P fires. The other charge pertained to a dispatcher on a day that WildCAD did not show any EK1P activity.

Appendix 6: Idaho Falls District Office

As part of our evaluation of the Bureau of Land Management (BLM) wildland fire program, we visited BLM's Idaho Falls District Office to review property, purchase card use, payroll, and fire codes. We found some control weaknesses and deficiencies in documentation, which create the risk of potential theft or misuse of U.S. Government resources and related fraud.

Property

BLM's overarching policy is to maintain a complete and accurate inventory of all property owned. Current BLM policy requires that system-controlled property, which includes property with an acquisition cost greater than \$5,000, be recorded and controlled in the U.S. Department of the Interior's Financial and Business Management System (FBMS).

Since locally managed property has an acquisition cost below the accountability threshold, it must be managed through local procedures, such as the use of a receipt for property (DI-105). Examples include property that, if lost or stolen, could result in security risks to BLM proprietary data (e.g., cell phones, BlackBerrys, and flash drives) and property that could easily be converted to personal use (e.g., dual-purpose items such as cameras, binoculars, and GPS units). Locally managed property that can be easily pilfered should be controlled on a signed DI-105 and affixed with a BLM decal or other appropriate marking.

We selected a sample of 15 system-controlled and 3 locally managed property items. We verified 13 of the 15 controlled items. The remaining two items were said to be in remote locations. We were able to verify all of the locally managed property items.

As a result of our onsite property verification, we are concerned that certain dual-purpose items, such as cameras, cell phones, computer monitors, and televisions, are not adequately tracked at the local level. We found that the district has been recording locally managed property purchased within the last year. Property procured more than a year ago, however, has continued to go unlisted.

Charge Cards

For charge cards and payroll, we analyzed fire data extracted from FBMS, based on the two categories of total charge card costs per acre and average labor cost per hour. We judgmentally selected two fires, EKW8 Hoolie and FN8W Lava Flow, from which to pull charge card and payroll data and select a sample for review.

A system of internal controls over the use of Government charge cards would help BLM minimize the potential for fraud and misuse. According to the Idaho Falls District's Fire Operations Guide, when reconciling charge card statements, the cardholder is required to provide a clear, concise description of the item

purchased, including supply number or vehicle license number where applicable. The pertinent resource orders also are supposed to be filed with the charge card statement. Both the cardholder and the approving official must sign and date the charge card statement and related purchase log.

The data extracted from FBMS provided us with the charge card transactions for all personnel assigned to the district whose transactions were charged against a suppression fire code. We sampled 24 purchases on the Lava Flow fire (FN8W) and found—

- one missing statement;
- two purchases that did not have the cardholder signatures and no indication on the receipts as to what items were actually purchased;
- five instances where employees did not provide receipts for transactions, even though 4 of the 5 purchases in question were made through GovTrip;
- nine missing resource orders;
- two instances where the approving official signed the statement after the 30-day requirement had passed; and
- one purchase involving meals bought during a fire for which we found no crew roster detailing for whom the meals were purchased.

Payroll

Individual timekeeping records are to be maintained under a system of control and relied upon for payments made to program personnel. We sampled 30 payroll items on the Lava Flow and Hoolie fires. On the Lava Flow fire, sampled payroll items were coded in accordance with established policy. Of the 15 sampled items reviewed for the Hoolie fire, however, we identified \$1,676 of overtime charges that were not coded in accordance with BLM policy. Specifically, five sample items for pay period 2012-17 included overtime charged to fire suppression. BLM guidance states that severity funds, not suppression funds, are to be used in such instances.

In addition, we identified—

- \$3,449 of payroll charges that were not adequately supported;
- missing documentation to support overtime and hazard pay charges;
- a missing approval signature on the emergency firefighter time report; and
- 18-hour shifts worked by three individuals, which exceeds the 16-hour workday policy and no justification was provided.

Inaccurate timekeeping heightens the risk of misuse of preparedness and suppression funds.

Coding

We also reviewed the use of fire codes and miscellaneous quad codes:

- *Fire codes:* Using the data from FBMS, we determined the universe of fire codes assigned to the Idaho Falls District. We selected a sample that included three fires: EK1N, F7CY, and GCA5. On EK1N and F7CY, we determined that all the districts charging against the fire codes had proper authority to do so. On fire code GCA5, we confirmed that this was an Idaho Falls District fire and that the Las Vegas Field Office was not involved. The charges made by the Las Vegas Field Office should have been charged to fire code GC5A.
- *Quad codes:* We selected a sample of quad codes 4444, 7777, and 9999 transactions for fiscal years 2010, 2011, and 2012. We found no transactions associated with quad code 7777. All of the transactions we selected appeared to have been charged in accordance with policy.

Appendix 7: Southern Nevada District Office

As part of our evaluation of the Bureau of Land Management (BLM) wildland fire program, we visited BLM's Southern Nevada District Office to review property, purchase card use, payroll, and fire codes. We found some control weaknesses and deficiencies in documentation, which create the risk of potential theft or misuse of U.S. Government resources and related fraud.

Property

BLM's policy is to maintain a complete and accurate inventory of all property owned. Current BLM policy requires that system-controlled property, which includes property with an acquisition cost greater than \$5,000, be recorded and controlled in the U.S. Department of the Interior's Financial and Business Management System (FBMS).

Since locally managed property has an acquisition cost below the accountability threshold, it must be managed through local procedures, such as the use of a receipt for property (DI-105). Examples include property that, if lost or stolen, could result in security risks to BLM proprietary data (e.g., cell phones, BlackBerrys, and flash drives) and property that could easily be converted to personal use (e.g., dual-purpose items such as cameras, binoculars, and GPS units). Locally managed property that could be easily pilfered should be controlled on a signed DI-105 and affixed with a BLM decal or other appropriate marking.

We selected a sample of 10 controlled and 9 locally managed property items. As a result of our onsite property verification, we found controlled property is being stored and identified as set by local and BLM wide policy. All but one handheld radio was verified due to it being located at the Logandale fire station.

We were concerned that certain dual-purpose items—such as cameras, cell phones, computer monitors, and televisions—were not adequately tracked at the local level. We found that the district does use DI-105s to record locally managed property; however, these forms cannot be retrieved either by employee or by item because the district does not have a searchable log of property issuance and return. DI-105s are kept in at least three separate places, and are filed in the order in which they are processed. Thus, to verify who signed for a particular item, one would already have to know when the item was issued, who collected the DI-105, and whether anyone else had subsequently signed for the same item (e.g., a camera passed from one employee to another should result in a new DI-105).

Charge Cards

A system of internal controls over the use of Government charge cards would help BLM minimize the potential for fraud and misuse. According to BLM and Nevada State Office charge card policies and procedures associated with reconciling charge card statements, the cardholder is required to provide a clear, concise description of the item purchased, including supply number or vehicle license number where applicable. The pertinent resource orders are also supposed to be filed with the charge card statement. Both the cardholder and the approving official must sign and date the charge card statement and related purchase log.

For our charge card review, we analyzed data extracted from FBMS, which provided us with the charge card transactions for all personnel assigned to the district whose transactions were charged against a suppression fire code. We selected a sample of 29 transactions. We questioned 18 of them and identified—

- resource orders not attached to the charge card statement for review and missing supply numbers on statements;
- resource orders not specific enough to support the charge;
- purchases charged that did not directly support the fire (pest control, an atlas, and a chainsaw);
- transposed numbers on charge card statements, causing the wrong fire to be charged;
- handwritten resource orders; and
- one missing cardholder signature and two missing supervisor signatures.

Payroll

Timekeeping records for individuals are to be kept under a system of control and relied upon for payments made to program personnel. To determine how consistently this occurs, we had payroll data extracted from FBMS. We then analyzed the fire data based on two categories: labor costs per acre and labor costs per hour. We judgmentally selected four fires—FK0W First Creek, FH2R MOAPA, FAL3 Palm Tree, and FF2M Muddy—from which to pull payroll data and select a sample for review. We reviewed 36 timekeeping records associated with the fires, for which 17 had no support at all. Of the remaining 19, a number of deficiencies included—

- missing crew time reports (SF-261) and firefighter time reports (OF-288);
- no authorization for overtime;
- missing signatures;
- employees who received more hours of hazard pay than authorized;
- missing justification for 16-hour days; and
- employees charging time to a fire before it started or after it was declared out.

We also found that fire personnel had charged their base 8 hours—their standard schedule—to suppression funds. BLM policy indicates that these hours should be charged to preparedness.

Inaccurate timekeeping heightens the risk of misuse of preparedness and suppression funds.

Coding

We also reviewed the use of fire codes and miscellaneous quad codes:

- *Fire codes:* Using the data from FBMS, we determined the universe of fire codes assigned to the Southern Nevada District. We selected a sample that included three fires: FW95, GC8L, and GCA5. We did not look at GCA5 since it had been reviewed during the Idaho Falls site visit. For fire code FW95 False Alarm 19, we verified that the costs from Nevada were valid but that the charges should have been against fire code FW9F. Costs charged to fire code GC8L Mormon from Nevada and Arizona were valid. We did find that one Arizona employee inappropriately charged time to the fire during pay periods 2011-20 and 2011-21. According to resource orders, the employee had been assigned to work another fire during that time. We also found that Utah inappropriately charged payroll costs to this fire during pay period 2012-09, almost 1 year after the fire occurred.
- *Quad codes:* We selected a sample of quad codes 4444, 7777, and 9999 transactions for fiscal years 2010, 2011, and 2012. There were no transactions for quad code 7777. We sampled 10 transactions from quad code 4444 and found; none of the transactions were travel related. All of these charges were transferred to the proper account, but none of these transactions were conducted in accordance with policy. Of the six sampled quad code 9999 transactions, we identified two transactions that should not have been charged to this account and one transaction had no supporting documentation. All of the other transactions were made according to policy.

Appendix 8: BLM Response

BLM's memorandum responding to our draft report follows on page 36. The Bureau's specific comments made in response to our recommendations are summarized in the conclusion and recommendations summary section of our report, beginning on page 12.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Washington, DC 20240
<http://www.blm.gov>

In Reply Refer To:
1245 (WO830)

SEP 11 2014

Memorandum

To: Mary L. Kendall
Deputy Inspector General

Through: Janice M. Schneider
Assistant Secretary - Land and Minerals Management

From: Neil G. Kornze
Director

Subject: Office of the Inspector General Draft Evaluation Report "Bureau of Land Management's Wildland Fire Program" (C-EV-BLM-0003-2012)

Thank you for the opportunity to review and comment on the Office of Inspector General (OIG) draft report on the Bureau of Land Management's Wildland Fire Program (C-EV-BLM-0003-2012, dated August 12, 2014). The Bureau of Land Management (BLM) has no greater responsibility than responding to the growing threat posed by fire to Western communities and landscapes. Effective management of the BLM's large and complex fire program is critical to the nation and a top priority for me and my team. In concert with your office, the Bureau in recent years has undertaken an unprecedented, high-priority effort to improve the business management of its fire program. We welcome and appreciate the assistance of your office in strengthening the management of this critical program.

The BLM works as part of a coordinated interagency and intergovernmental response to wildland fire that includes thousands of wildland firefighters in all fifty states responding to thousands of fires every year. The BLM Wildland Fire Program is a critical component of our nation's overall wildland firefighting capacity. To offer a sense of the scope of the work that our fire team engages in, last year alone, BLM's 2,000 firefighters helped respond to 5,400 fire events nationwide on Federal, state and private lands nationwide. This includes 2,600 fires that burned over a million acres of lands managed by the BLM.

In addition to fire suppression, the BLM Wildland Fire Program also works year-round to manage fuel loads across more than 245 million acres of Western landscapes to reduce the potential for future wildland fire and the intensity of fires when they do occur. The current overall budget for the range of activities undertaken by the BLM's Wildland Fire Program is approximately \$450 million and is provided through annual appropriations.

While fire management has been an important BLM activity for many generations, we have never before seen the severity of fire on the western landscapes that we see today. Over the past few decades, fire seasons have gotten longer, the number of average acres burned each year has risen substantially, and the overall complexity of dealing with wildland fire has grown immensely. Though there are many reasons for these changes, drought, insect infestation, and invasive species are major contributors. The growth of communities living in the wildland-urban interface has also made these fire conditions more dangerous and more damaging. These increased challenges are borne by the entire wildland firefighting community, including the U.S. Forest Service, the Bureau of Indian Affairs, the Fish and Wildlife Service, the National Park Service and our critical state and local partners across the nation.

In response to this growing challenge, the BLM and its partners are increasing coordination, strengthening business management practices, and proposing to restructure how wildland fire is funded. In April of this year, the Administration released its National Cohesive Wildland Fire Management Strategy, outlining new approaches to coordinate and integrate efforts in order to better address the nation's wildland fire threats. In addition to the Strategy, the President's fiscal year 2015 budget outlines a new framework for funding fire suppression by treating extreme fires like other natural disasters. This change will help stabilize agency fire budgets, provide stable support for fire suppression, and allow the agencies to continue to invest in fuels management, preparedness, and restoration.

In concert with these actions, the BLM has undertaken an unprecedented, high-priority effort to improve the business management of its fire program. Due to the inherent complexity and challenges of fighting wildland fire at its current scale, and the need to move fire assets quickly where they are needed most to protect human life, communities and resources, the BLM fire program has experienced occasional business management vulnerabilities in billing, timekeeping, and property management. In partnership with your office, the BLM has identified and aggressively addressed these issues. The significant, concrete steps taken as a result of this collaboration mark a cultural shift in how fire-related funds are managed at every level of the BLM fire program on an ongoing basis.

Specifically, the BLM has published new guidance, hired additional management specialists, strengthened internal reviews, and bolstered training. Earlier this year, the BLM published its first-ever Standards for Fire Business Management, a comprehensive handbook that significantly strengthens policy for business management of the fire program and makes that information readily available to all BLM fire personnel. Additionally, the BLM has significantly expanded its corps of Fire Business Specialists. These management experts are assigned specifically to assist fire personnel in adhering to agency policy regarding business management.

The BLM has also expanded and strengthened its internal review of fire business management practices. Now, each year the BLM conducts thorough, unannounced reviews of three different BLM state fire programs on a rotating basis to ensure proper fiscal management, recordkeeping, and property management. At the national level, all suppression and preparedness expenditures are reviewed annually in a manner similar to the method that the OIG used in its review of the BLM. The BLM has added training for all fire employees on proper behavior for timekeeping, equipment management, and other issues. Additional detail on actions taken by the BLM to improve its business management and respond to the recommendations in the OIG report is included in the attachment.

In reviewing the findings of the OIG report, it is important to make note of two principal limitations. First, the report's conclusions are based on reviews of business practices that are in some cases four years old and draw from on-site visits that occurred prior to the implementation of many of the BLM's reforms, including those discussed above. While the BLM is always committed to improvement of its program and its management oversight, we believe that the suite of business reforms put in place over the past two years—since the investigation was conducted—are significant and address the weaknesses identified by the OIG report.

Second, it is important to note the size of the fiscal impact of the shortcomings identified. The BLM takes seriously any budget vulnerabilities, no matter the size. However, the potential costs associated with any shortcomings must be placed in an appropriate context. The report identifies potential costs that are relatively small. The Bureau therefore does not believe that these management issues meaningfully impact the overall resources required to operate the BLM fire program or the appropriations requested from Congress through the annual budget process. Those amounts are driven by the severity of the fire season.

I am confident that as a result of completed and ongoing reforms, the business management of the BLM fire program has never been stronger. My team and I are committed to continuing this important work as part of our broader effort to strengthen the long-term fiscal stability of the BLM fire program. I appreciate the attention and expertise your office has devoted to this review and look forward to our continued engagement on these issues.

If you have any questions about this response, please contact me at 202-208-3801 or Ron Dunton, Acting Assistant Director for Fire and Aviation, at 208-387-5303.

Attachment

Cc: WO-800 WO-830 WO-100 ASLM
LLM:revised:830:das:9/10/14:Doc Name: BLM Response to OIG Fire Report 2014 09 10 1500

Attachment

Response to Recommendations in the Office of Inspector General Draft Report Bureau of Land Management's Wildland Fire Program (C-EV-BLM-0003-2012)

The Bureau of Land Management (BLM) Fire and Aviation Program is large and complex, with average annual appropriations of approximately \$450 million and wide-ranging responsibilities that include protecting lives and property and managing wildfire and fuels across more than 245 million acres of Western landscapes.

The BLM has undertaken an unprecedented, high-priority effort to improve the business management of its fire program. Due to the inherent complexity and challenges of fighting wildland fire at its current scale, and the need to move fire assets quickly where they are needed most to protect human life, communities and resources, the BLM fire program has experienced occasional business management vulnerabilities in billing, timekeeping, and property management. In partnership with your office, the BLM has identified and aggressively addressed these issues. The significant, concrete steps taken as a result of this collaboration mark a cultural shift in how fire-related funds are managed at every level of the BLM fire program on an ongoing basis.

The BLM has focused on improving its policy for business management. Earlier this year, the BLM released in final form its *Standards for Fire Business Management*, a desk reference for fire business that provides direction for proper management of fire program appropriations. The reference, dubbed the "Orange Book," is a compilation in a single desk reference of pertinent policy, guidance, and best practices for managing the complexities of fire business. The intended users are BLM employees, including fire program specialists and everyone who has reason to expend fire funds, or who supervise others who expend fire funds. While the Orange Book alone does not completely address or resolve the eleven recommendations from the OIG report, it represents significant, measurable progress in improved program and fiscal oversight.

In addition to policy improvements, the BLM has invested in training and hiring personnel. The BLM has made hiring of state and unit-level Fire Business Specialists and fire administrative assistants a priority over the past three years. The primary job of these fire-funded employees is to help fire management personnel adhere to current guidance on use of fire funds. Additionally, as of 2013, required training for all BLM fire program employees includes a section on ethical behavior, integrity, and business management policies, with modules addressing timekeeping, equipment and gear management regarding finances and other elements.

The BLM has invested in new IT tools to improve its oversight of fire expenditures. The BLM has developed an Access-based database that marries data from disparate systems into a powerful analytical tool. Information from various systems is now combined in this tool for national, state, or district use, allowing users to review the costs of fires by district, by state and by acre and compare those costs against national averages. The tool also allows managers to review labor charges.

Finally, in order to ensure the efficacy of these management improvements, the BLM is developing new program reviews that will allow the Bureau to identify single-case issues as well as programmatic vulnerabilities. The BLM conducted a national review of suppression purchases this past winter. The 2013-2014 suppression review was an initial test of an annual review of expenditures in the fire program. Future reviews will be formalized according to standardized protocols that are under development and conducted to ensure appropriate management response to the findings. If a review reveals that a BLM state fire program has transactions that appear questionable, that office will be required to respond to the finding and address the issue.

Appendix 9: Status of Recommendations

Recommendation	Status	Actions Required
Recommendations 3, 6 and 11	Resolved and implemented.	No further response to OIG is required.
Recommendations 1, 2, 4, 5, 8, 9, and 10	Resolved but not implemented.	These recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking and implementation.
Recommendation 7	Unresolved	OIG will meet with BLM to resolve this recommendation before referring it to the Assistant Secretary for Policy, Management and Budget for tracking and implementation.

