



U.S. Department of Agriculture
Office of Inspector General
Western Region
Audit Report

Forest Service
National Fire Plan Implementation



**Report No.
08601-26-SF
November 2001**



UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL

Washington D.C. 20250



DATE: November 26, 2001

REPLY TO
ATTN OF: 08601-26-SF

SUBJECT: Forest Service National Fire Plan Implementation

TO: Dale Bosworth
Chief
Forest Service

ATTN: Linda Washington
Audit Liaison

This report presents the results of our review of the Forest Service's (FS) implementation of the National Fire Plan. The FS' written response to the draft report is included as exhibit E with excerpts and the Office of Inspector General's (OIG) position incorporated into the relevant sections of the report.

We have accepted your management decision for Recommendation No. 1. We will be able to accept your management decision for Recommendations Nos. 2, 3 and 4 when you provide us with additional information as outlined in the OIG Position section of the report.

In accordance with Departmental Regulation 1720-1, please furnish a reply within 60 days describing the corrective action taken or planned and the timeframe for implementation of the recommendations for which a management decision has not yet been reached. Please note that the regulation requires a management decision to be reached on all recommendations within a maximum of 6 months from report issuance. Follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer.

We appreciate the assistance your staff provided to our auditors during our review.

/s/
RICHARD D. LONG
Assistant Inspector General
for Audit

EXECUTIVE SUMMARY
FOREST SERVICE
NATIONAL FIRE PLAN IMPLEMENTATION
AUDIT REPORT NO. 08601-26-SF

RESULTS IN BRIEF

During the height of the devastating 2000 wildfire season, the President directed the Secretaries of Agriculture and the Interior to prepare a report that recommended how best to respond to the ongoing fires, reduce the impacts of these fires on rural communities, and ensure sufficient firefighting resources in the future. On September 8, 2000, the Secretaries issued a report entitled “Managing the Impact of Wildfires on Communities and the Environment.” This report, also known as the “National Fire Plan” (NFP), included objectives to prepare to fight future forest fires, rehabilitate burned lands, actively reduce fuel loads in vulnerable areas, and assist local communities. In October 2000, Congress provided the Forest Service (FS) over \$1.1 billion of additional funding through Public Law 106-291 in order to implement the NFP.

During the survey, we found the following two reportable conditions that warranted immediate attention, which we communicated to FS management in the form of management alerts. This report signifies the completion of our audit survey work and contains only those issues that were developed during the survey warranting immediate corrective action.

ES Will Not Achieve the Most Efficient Level of Firefighting Operations

The FS incorrectly calculated the amount of funding it needed to achieve its most efficient level (MEL) of firefighting capability. In order to request funds from Congress to achieve MEL, the FS relied on the National Fire Management Analysis System (NFMAS) to provide the necessary cost information. FS staff enters into NFMAS the resources (both equipment and staff) needed as well as the costs associated with maintaining these resources. Using the data, NFMAS estimates the most cost-efficient fire management mix, which meets resource management objectives and provides the FS with its most efficient level of funding for protection of life, property and resources. Our survey disclosed that NFMAS did not have all the essential data, such as the cost to purchase equipment and protective gear for the additional firefighting staff required by the NFP, nor did it contain updated indirect cost information.

As of May 25, 2001, the FS reported that all its regions had filed mid-year funding requests for an additional \$80 million to meet MEL. According to the FS Washington Office (WO) Director for Program and Budget Analysis, FS had not formally notified Congress by May 25, 2001, about its additional funding needs in order to meet 100 percent MEL or the fact that it would not meet 100 percent MEL in fiscal year (FY) 2001 without additional funding. Congress would not have the opportunity to provide the funds needed to achieve MEL until the FS accurately determines and reports the amount it requires to meet MEL.

In response to our June 21, 2001, management alert, the FS stated that it would determine by August 15, 2001, the additional funding needed to reach MEL. On November 2, 2001, the FS stated that it informed Congress that it was unable to reach MEL in FY 2001, and that actions are being taken to reach that goal in FY 2002.

Rehabilitation and Restoration Funds Not Sufficiently Controlled

The FS did not establish sufficient controls to ensure that projects using funds to rehabilitate and to restore areas burned in 2000 were eligible in accordance with NFP program direction. In Region 1, we questioned the propriety of using approximately \$2.5 million of NFP Rehabilitation and Restoration Program funds to prepare and administer projects involving commercial timber sales, administer permits to harvest mushrooms, and rehabilitate and restore areas burned in 1998.

The FS WO did not review and approve projects regions selected nor did it monitor how regions used NFP Rehabilitation and Restoration Program funds. Without such oversight, there is limited assurance that regions will select only those projects that meet NFP goals and objectives. Since appropriated funds are significantly less than identified needs, any misuse of these funds will only further reduce the FS' ability to restore and rehabilitate areas burned in 2000.

KEY RECOMMENDATIONS

In order to achieve the most efficient level of firefighting preparedness, the FS needs to (1) determine additional funding needed and immediately notify Congress of this need; and (2) require that units enter all relevant costs into NFMAS when determining its firefighting funding needs.

To ensure the integrity of rehabilitation and restoration work, the FS needs to (1) direct the WO NFP Implementation Program Coordinator to review

all projects that FS units select to ensure they satisfy NFP selection criteria; and (2) clarify project selection criteria, when necessary, to address the conditions disclosed in this report as well as other conditions identified during the WO's review.

AGENCY RESPONSE

In its written response to the draft report, dated November 2, 2001, the FS generally agreed with all but one of our audit findings and recommendations. Although the FS disagreed with the stated cause associated with our first finding and recommendation, it had informed Congress that it was unable to reach 100 percent of MEL in FY 2001. FS also informed Congress on the actions being taken and needs required to reach 100 percent of MEL in FY 2002.

Regarding our second finding and recommendation, the FS concurred that updated indirect cost data must be placed into NFMAS to achieve precise estimates of MEL. However, the FS did not believe that it was necessary to update NFMAS to include the cost to purchase new firefighting equipment.

OIG POSITION

Based on the FS written response, OIG accepted FS management decision on Recommendation No. 1. Additional FS actions are needed in order to reach management decision on the 3 remaining recommendations.

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ABBREVIATIONS

FS	-	Forest Service
FY	-	Fiscal Year
MEL	-	Most Efficient Level of Firefighting Capability
NEPA	-	National Environmental Policy Act
NFMAS	-	National Fire Management Analysis System
NFP	-	National Fire Plan
WO	-	Forest Service Washington Office

INTRODUCTION

BACKGROUND

In the summer of 2000, wildland fires in 16 States burned more than 7 million acres of public land—over twice the 10-year historical average. The Forest Service (FS) spent over \$2 billion to suppress these fires. The magnitude of these fires was due to extreme weather conditions combined with the effects of almost a century of aggressive fire suppression.

On August 8, 2000, the President directed the Secretaries of Agriculture and the Interior to prepare a report that recommended how best to respond to the ongoing fires, reduce the impacts of these fires on rural communities, and ensure sufficient firefighting resources in the future. On September 8, 2000, the Secretaries issued a report entitled “Managing the Impact of Wildfires on Communities and the Environment.” This report, also known as the “National Fire Plan” (NFP), included the following five key points or objectives:

Firefighting Program	Continue to fight the fires for the rest of the fire season and be adequately prepared for next year.
Rehabilitation and Restoration Program	Restore landscapes and rebuild communities damaged by the wildfires of 2000.
Hazardous Fuel Reduction Program	Invest in projects to reduce fire risk.
Community Assistance Program	Work directly with communities to ensure adequate protection.
Accountability	Be accountable and establish adequate oversight, coordination, program development, and monitoring for performance.

The report called for \$1.1 billion in increased funding in order to enable the FS to implement the NFP. In October 2000, Public Law 106-291 appropriated an additional \$484 million in base funding under Title II for optimal firefighting readiness and \$619 million in emergency funds under Title IV for other programs designated to meet the key points of the NFP. These additional funds would be available until spent. This additional funding more than doubled the FS’ firefighting budget in fiscal year (FY)

2001 to over \$2 billion (see Exhibit C), dedicating almost half of the FS' total budget to wildland fire management.

Once funding was secured, the FS provided Congress with a financial plan showing how it intended to spend the additional funds and an action plan describing the proposed accomplishment for each key point. In accordance with the NFP, the FS resolved to accomplish the following with NFP funds:

Firefighting Program	Hire about 3,500 new wildland firefighters—a 36-percent increase in the FS' current number of firefighting positions.
Rehabilitation and Restoration Program	Rehabilitate and restore 750,000 acres.
Hazardous Fuel Reduction Program	Reduce fuels on 1.8 million acres of Federal lands and 395,000 acres of non-Federal lands.
Community Assistance Program	Assist 4,000 volunteer fire departments, create 8,000 new jobs in rural areas, and provide economic opportunities for rural forest dependent communities.
Accountability	Develop a management structure that includes a NFP Implementation Coordinator.

In order to achieve the NFP's goals and objectives, the fifth key point, accountability, provided a management structure that included a Deputy NFP Implementation Coordinator and a NFP Implementation Program Coordinator for each of the other four key point areas in the plan. Regional Foresters established regional or multi-regional teams to implement the NFP in the field.

In keeping with Congressional reporting requirements, the FS is also finalizing a database to track NFP funding and accomplishments. It will include project accomplishments and funding for work in the key point areas of hazardous fuels reduction, rehabilitation and restoration, and community assistance. Once the database is fully operational, the FS will be able to report, for example, numbers and types of rehabilitation work being done in a particular national forest, congressional district, or state.

The Conference Report for Public Law 106-291 directed the Departments of Agriculture and the Interior to work together to formulate complementary budget requests and to carry out other tasks, including developing criteria for rehabilitation projects, evaluating the need for revised or expedited environmental compliance procedures, developing a list of all communities within the vicinity of Federal lands at high risk from fire, and working

collaboratively with the State governors to develop a 10-year comprehensive strategy to implement the NFP.

OBJECTIVE

Report to the FS those issues developed during survey warranting immediate corrective action.

SCOPE

Our survey work covered the FS' implementation of the NFP during FY 2001. Survey work was performed at the FS Washington Office (WO) in Washington, D.C., the FS Northern Regional Office (Region 1) in Missoula, Montana, and the FS Pacific Southwest Regional Office (Region 5) in Vallejo, California. Regions 1 and 5 were judgmentally selected for review because, aside from the WO, they received the largest allocation of NFP funds in FY 2001 (see Exhibit D).

At the selected regions, we also conducted survey work at two judgmentally selected National Forests—the Lolo and Bitterroot National Forests in Region 1 and the Plumas and San Bernardino National Forests in Region 5 (see Exhibit B). The national forests were selected based on a number of factors including the level of NFP funding they received. Survey fieldwork was performed between April and August 2001.

The survey was conducted in accordance with generally accepted government auditing standards.

METHODOLOGY

In developing the findings in this report, we performed the following steps and procedures:

At FS WO

- Reviewed appropriation documents, other congressional direction, and FS program direction related to the NFP.
- Interviewed the NFP Implementation Program Coordinators for the firefighting and rehabilitation and restoration programs.
- Reviewed the FS' Midyear Progress Report to determine the status of the FS' implementation of the NFP for the firefighting and rehabilitation and restoration programs.
- Reviewed the list of proposed projects that regions submitted to the WO for NFP rehabilitation and restoration program funding.

At FS Northern and Pacific Southwest Regional Offices

- Interviewed the Regional NFP Implementation Program Coordinators for the firefighting and rehabilitation and restoration programs.
- Reviewed regional reports and other documentation to determine the status of the regions' implementation of the NFP for the firefighting and rehabilitation and restoration programs.

At Selected National Forests

- Interviewed national forest staff responsible for implementing the NFP firefighting and rehabilitation and restoration programs.
- Reviewed national forest reports and other documentation to determine the status of the national forest's implementation of the NFP for the firefighting and rehabilitation and restoration programs.
- Identified the projects that national forests ultimately selected for NFP rehabilitation and restoration program funding and evaluated whether the projects selected met the NFP selection criteria.

FINDINGS AND RECOMMENDATIONS

CHAPTER 1	FOREST SERVICE WILL NOT ACHIEVE ITS MOST EFFICIENT LEVEL OF FIREFIGHTING OPERATIONS BECAUSE INITIAL FUNDING ESTIMATES WERE INCORRECT
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FINDING NO. 1

The FS incorrectly calculated the amount of funding needed to achieve its most efficient level (MEL) of firefighting capability. This occurred because FS personnel did not enter

all essential data into the National Fire Management Analysis System (NFMAS) and did not update all relevant costs. As a result, based on the FS' most recent data not included in the NFMAS calculation, the NFP will be underfunded by approximately \$80 million. Congress will not have the opportunity to decide to fund the FS at 100 percent of MEL until the FS accurately determines and reports its funding requirements.

For FY 2001, Congress provided the FS with over \$2 billion for its fire program (see Exhibit C). This included an additional \$1.1 billion that Congress provided in response to the disastrous wildfires of the prior year to fully fund what FS had determined to be its MEL. Congress has subsequently asked during two separate hearings if the FS had any need for further funds. FS, unaware they had used incorrect data in their calculations, assured Congress they were fully funded.

To determine the amount of firefighting funds needed to reach 100 percent of MEL, the FS uses NFMAS. The FS enters into NFMAS the resources (both equipment and staff) needed as well as the costs associated with maintaining these resources. Using the data, NFMAS estimates the most cost-efficient fire management program mix, which meets resource management objectives and provides the FS its most efficient level of funding for the protection of life, property and resources. The FS uses NFMAS' calculation of MEL to request the necessary funds from Congress.

Our survey disclosed that NFMAS' estimate for 100 percent of MEL was incorrect because FS personnel did not enter all essential data into NFMAS and did not update all relevant costs.

Not All Essential Data Was Entered Into NFMAS

The FS did not enter into NFMAS the cost to purchase equipment that it did not already have such as fire engines and crew carriers, the cost for additional support and protective equipment needed to outfit the additional personnel that would operate this equipment, and the cost to transfer new employees hired under the NFP. FS units are currently not required to enter this information into NFMAS. The FS WO' NFP Implementation Program Coordinator for Firefighting stated that it was an oversight not to include this essential information in the NFMAS analysis when determining FS' funding needs.

NFMAS Data for Indirect Costs Was Not Updated

The FS did not update the fire program's share of indirect costs, which it expected to be significantly higher in FY 2001 than in prior years. The FS used 3-year-old indirect cost data that did not take into account the additional firefighting personnel that would be hired under the NFP. According to Region 5's NFP Implementation Program Coordinator for Firefighting, the NFMAS report used to determine the FS' funding needs for FY 2001 was run in FY 1999 and, therefore, contained indirect cost data from FY 1998, which had been increased by only 2 percent for inflation. In addition, the methodology used to calculate indirect costs for NFMAS was outdated and resulted in indirect costs being significantly understated.

Because the NFMAS calculations were based upon incorrect data, it is unlikely that the FS will be able to implement the NFP at 100 percent of MEL without additional funding. Our survey at Regions 1 and 5 disclosed that both regions needed a total of \$42 million (Region 5 needed \$32 million and Region 1 needed \$10 million) to cover their full cost of implementing the NFP, according to their mid-year funding requests. These costs were not included in the original budget figures when arriving at costs to achieve MEL. According to Region 5 officials, the region may have to resort to deficit spending just to pay for indirect costs and transfer-of-station costs. Without the additional funding, Region 5 does not expect to reach 100 percent of MEL until FY 2003.

Based on the FS' own figures, the NFP will be under funded by approximately \$80 million. As of May 25, 2001, the FS WO stated that regions have filed mid-year funding requests totaling approximately \$80 million. However, at the time of our survey, the FS was planning to request only about \$30 million to cover the indirect cost deficit. FS officials stated they are not requesting the full amount to fund their MEL because they do not believe their request would be approved. The Chief

had directed regional foresters to immediately develop contingency plans to address the shortfall in the funding. The plans were to be based on the premise that additional funding would be pursued for only the \$30 million needed to cover the indirect cost deficit. The plans would also likely include delaying acquisitions of firefighting equipment and hiring of firefighters.

In the Conference Report for the FY 2001 Appropriations Act, Congress expected the Secretaries of Agriculture and the Interior to report their additional funding needs by May 1, 2001. However, according to the FS WO Director for Program and Budget Analysis, the FS had not formally notified Congress by May 1, 2001, about its additional funding needs in order to meet 100 percent MEL or the fact that it would not meet 100 percent MEL in FY 2001 without additional funding.

We reported this condition to the FS Chief on June 21, 2001, in a management alert. In the management alert, we recommended that the FS (1) determine the additional funding needed during FY 2001 to meet MEL and immediately notify Congress of this need, and (2) require FS units to enter into NFMAS all costs associated with meeting MEL (including updating the indirect cost estimate, if warranted) when determining their firefighting funding needs. In its July 20, 2001, written response to the management alert, the FS stated that by August 15, 2001, it would determine the exact amount of the fire preparedness shortfall and that costs associated with meeting MEL, including the indirect cost estimates, would be updated in NFMAS.

On September 12, 2001, we followed up with the FS WO Director for Program and Budget Analysis to determine whether the FS had completed the actions indicated in its written response to the management alert. The Director informed us that FS had determined it needed an additional \$85 million (of which \$35 million was needed to cover its indirect cost deficit) to reach MEL and that it had reported this additional need to Congress. When asked, the Director was unsure whether NFMAS had also been updated.

RECOMMENDATION NO. 1

Determine the additional funding needed during FY 2001 to meet MEL and immediately notify Congress of this need.

Agency Response

In its written response to the draft report, dated November 2, 2001, the FS disagreed with our finding and recommendation for requesting additional funding to meet 100 percent MEL in FY 2001. According to the FS,

funding was not the cause of not meeting 100 percent MEL, the service-wide shortage of trained wildland fire suppression crew supervisory personnel was the primary cause. While the FS agrees that errors were made when indirect costs and capital expenditures were entered into the NFMAS model, this data was not the casual factor in the FS' inability to reach 100 percent MEL in FY 2001. According to the FS, although a midyear assessment indicated a shortfall in the estimate for indirect costs, the FY 2001 fire season provided savings in fire preparedness that offset the indirect cost shortfall. In addition, the FS compensated non-standardized equipment and additional crews for the required equipment. As a result of these actions, the FS fielded a wildland fire management organization at about 97 percent of MEL, a 23 percent increase over FY 2000. According to the FS, Congress has been informed that the FS was unable to reach 100 percent of MEL in FY 2001 and of the actions being taken and needs required to reach that goal in FY 2002.

OIG Position

We accept the FS' management decision on this recommendation.

RECOMMENDATION NO. 2

funding needs.

Require FS units to enter into NFMAS all costs associated with meeting MEL (including updating the indirect cost estimate, if warranted) when determining their firefighting

Agency Response

In its written response to the draft report, dated November 2, 2001, the FS concurred with our recommendation that updated indirect cost data must be placed into NFMAS to achieve precise estimates of MEL. However, the FS believes that it is unnecessary to update NFMAS to reflect capital costs. As a result, according to the FS, it has entered updated indirect cost information into the NFMAS model; however, it is not updating NFMAS for the additional capital equipment purchases. The FS noted that it and the Department of Interior were presently jointly updating the optimization model for firefighting. Different capabilities are being considered in the development of a new modeling system to more accurately reflect the complexities of firefighting in the wildland-urban interface. Until that time, the FS plans on using NFMAS to provide a reasoned estimate of fire protection funding requirements and adjusting the model when necessary.

OIG Position

As was previously mentioned in this report, the FS currently uses NFMAS' calculation of MEL to request the necessary funds from Congress. If the FS elects not to include all costs, such as the cost to purchase new firefighting equipment, in NFMAS then the FS funding needs as determined from the NFMAS will be understated.

To reach management decision on this recommendation, the FS needs to explain its rationale for not including the cost to purchase new equipment in NFMAS, and how it plans to account for this cost when determining its future funding needs.

CHAPTER 2	CONTROLS WERE NOT ESTABLISHED TO ENSURE PROJECTS FUNDED WITH REHABILITATION AND RESTORATION FUNDS MET NATIONAL FIRE PLAN OBJECTIVES
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FINDING NO. 2

We reviewed the key point areas in the NFP and determined that the FS was not exercising controls over funding in the area of rehabilitation and restoration. The FS had not

established controls to ensure that funds designated to rehabilitate and restore acres burned by the wildfires of 2000 were being properly used. In Region 1, we questioned the propriety of using approximately \$2.5 million of rehabilitation and restoration program funds to (1) prepare for projects that include commercial timber sales, (2) administer permits to harvest mushrooms, and (3) rehabilitate and restore areas burned in 1998 (see Exhibit A). The FS WO did not review and approve the projects that regions ultimately selected once NFP funds designated for the rehabilitation and restoration program were allocated. Instead, the WO allowed the regions to pick their own projects without monitoring their selections. Without close monitoring and supervision from the WO over the selection process, there is no assurance that regions will only select those projects that meet NFP goals and objectives. Due to the lack of oversight by the WO, we believe this condition may also exist in other regions. Also since available restoration funds are significantly less than the anticipated need, any misuse of the funds will only further reduce FS' ability to restore and rehabilitate areas burned by the wildfires of 2000.

The rehabilitation and restoration program is one of four primary program areas in the NFP that directly relates to the FY 2001 Appropriations Act. The goal of the rehabilitation and restoration program is to rehabilitate and restore watersheds that were severely burned in FY 2000 in order to closely match historical or pre-fire ecosystem structure, function, diversity, and dynamics. Selected projects should focus on restoring watershed function, including protection of basic soils, water resources, biological communities, and prevention of invasive species.

In the Conference Report for the FY 2001 Appropriations Act, Congress directed the U.S. Department of Agriculture to report by December 1, 2000, its criteria for selecting rehabilitation and restoration projects to be funded from the appropriation. The criteria developed by the FS WO for selecting the projects states that "projects must meet the basic objective of protecting life, property, and unique or critical cultural and natural

resources.” It further states that “treatments will be undertaken *only* when an analysis shows that treatments are likely to reduce risks significantly or are necessary to improve lands unlikely to recover naturally.”

On October 20, 2000, the WO directed the regions to select rehabilitation and restoration projects that tied into the NFP. The WO NFP Implementation Program Coordinator noted that funding requests and subsequent accomplishment reports to Congress and the public must articulate that these projects are contributing to the NFP’s goals and objectives.

Regions responded by proposing 582 projects located in 14 different States costing \$260 million, far in excess of the \$142 million appropriated in FY 2001 for the NFP rehabilitation and restoration program. The appropriated funds were allocated to regions largely on the basis of their percentage of acres severely burned during the 2000 fire season. Regions then selected their own projects based on the level of funding they received.

As previously stated, the WO did not subsequently review and approve the projects that the regions ultimately selected once funds had been allocated. As a result, regions may not always select rehabilitation and restoration projects that meet the WO’ selection criteria or the NFP goals and objectives as is shown in our review in Region 1, a condition we reported to the FS Chief on July 24, 2001, in a management alert:

Funds Used to Prepare for Commercial Timber Sales

The Bitterroot National Forest planned to use \$1.8 million to prepare and administer projects that involve commercial timber sales. The projects would include commercial timber sales as well as non-commercial thinning treatments. The National Forest planned to borrow NFP funds for these projects until it received the funding designated for this purpose. During our survey, National Forest staff were unable to determine the portion of the \$1.8 million that pertained to commercial timber sales as opposed to noncommercial thinning treatments, which unlike commercial timber sales, may be eligible for NFP rehabilitation and restoration program funding. The Environmental Impact Statement that proposed these projects was still in draft form. Therefore, the scope of the projects had yet to be established.

We concluded that commercial timber sales do not meet the criteria for forest restoration. According to the FS’ FY 2002 Budget Justification, all costs associated with a timber sale (planning, preparing, and

administering) are included in the Forest Products Budget Line Item of the National Forest System appropriation, except when the primary purpose of a timber sale is some other land management objective such as wildlife habitat improvement or hazardous fuels reduction.

In its August 17, 2001, written response to the management alert, the FS stated that the National Environmental Policy Act (NEPA) process had not been completed for activities on the Bitterroot National Forest. Therefore, projects such as timber sales had not been selected. Accordingly, it had not used NFP rehabilitation and restoration funds to prepare or administer commercial timber sales on the Forest.

Our survey did not question the use of NFP rehabilitation and restoration program funding to fund the NEPA analysis performed pertaining to the projects in question. Rather, we questioned the Bitterroot National Forest's plans to use NFP rehabilitation and restoration program funds to fund the cost to prepare and administer these projects when the primary purpose of the projects may be a commercial timber sale. The FS WO NFP Implementation Program Coordinator for Rehabilitation and Restoration needs to review these projects once their primary purpose has been established to ensure they meet NFP selection criteria.

Funds Used To Administer Mushroom Harvesting Permits

A consequence of last year's wildfires was the proliferation of mushrooms in areas where they did not normally grow in significant numbers. At six of its national forests, Region 1 plans to spend a total of \$470,000 on permit administration pertaining to mushroom harvesting. The region believed that these costs were allowable in order to prevent further damage to the areas burned by limiting access to them. We concluded that the harvesting of mushrooms does not meet the criteria for forest restoration. According to the FS' FY 2002 budget justification, the cost to prepare and administer sales of special forest products such as mushrooms shall be borne entirely by the forest products budget line item under the National Forest System appropriation and not under the Wildland Fire Management appropriation.

In its August 17, 2001, written response to the management alert, the FS stated that the number of commercial mushroom permit issues on areas burned in the Northern Region by the fires of 2000 far exceed the number issued in a normal year and that forest supervisors encouraged migrant mushroom pickers to obtain permits as a method for administering otherwise uncontrolled activity, including motorized

vehicle use in sensitive burned areas, and control of human waste and garbage associated with worker campsites. According to the FS, the potential impact from a large increase in uncontrolled mushroom collecting is damaging to soils and water quality on these burned over lands. Furthermore, funds appropriated to carry out these activities, based on a normal year, were not adequate to administer this increased program activity. The FS therefore stated its belief that the use of NFP rehabilitation and restoration program funds is appropriate to avoid impacts that retard or negate restoration actions, or protect the resources and lands from further damage.

We discussed this issue with the FS Chief on July 30, 2001, who agreed that, based on the current criteria, it was at least debatable whether mushroom harvesting would qualify for NFP funding. According to the FS Chief, since the fires are ultimately the reason that they have such a prolific crop of mushrooms, a case can be made that funding for management of their harvest could qualify for NFP funding, particularly since managing this activity is a major management problem due to the size of the crop. The FS Chief further stated that the regular budget in no way would allow for the intense management needed to ensure additional damage is not done to the watersheds, areas are adequately protected from further environmental damage, and public safety concerns are addressed, all of which warrant a reasonable use of these funds. As a result, the FS Chief stated that he could support a change in the criteria that would allow for the use of these funds for this activity.

Funds Used To Repair Damage From Pre-2000 Fire

The Lolo National Forest in Region 1 is planning to use \$270,000 to restore and rehabilitate landscapes damaged by a fire that occurred in 1998. The National Forest believed that NFP funds could be used on landscapes that burned prior to 2000. As was previously noted, NFP funds for the rehabilitation and restoration program are to be used to restore landscapes and rebuild communities damaged by the wildfires that occurred in 2000.

In its August 17, 2001, written response to the management alert, the FS agreed that this was an inappropriate use of NFP funds and that the Region is investigating and accounting adjustments are being made for expenditures charged to the NFP rehabilitation and restoration program for work associated with the fire that occurred in 1998. When discussed on July 30, 2001, the FS Chief stated that the necessary accounting adjustments had already been made and that the region had already taken action to ensure proper funds are used

for any restoration work.

During our meeting with the FS Chief on July 30, 2001, he stated that he was instituting a review process for NFP implementation so that the FS can identify issues like the ones we are finding. The FS Chief stated that he hoped this would improve the agency's management of the program.

RECOMMENDATION NO. 3

Direct the WO NFP Implementation Program Coordinator for Rehabilitation and Restoration to review all projects regions select for NFP funding to ensure they meet the project

selection criteria.

Agency Response

In its written response to the draft report, dated November 2, 2001, the FS stated that it will review a representative sample of rehabilitation and restoration projects that regions select for NFP funding to ensure they meet the project selection criteria. According to the FS, the WO will accomplish this during their management reviews planned for FY 2002.

OIG Position

To accept management decision on this recommendation, the FS needs to provide a specific timeframe for completing the reviews.

RECOMMENDATION NO. 4

Clarify the project selection criteria to address conditions reported above as well as others found by the WO NFP Implementation Program Coordinator for Rehabilitation and

Restoration. Also seek Congressional approval to amend the project selection criteria, if warranted.

Agency Response

In its written response to the draft report, dated November 2, 2001, the FS stated that it will review the selection criteria utilized to prioritize rehabilitation and restoration projects and clarify direction on the use of these NFP funds, as needed. The FS also stated that additional projects would be reviewed through the NFP integrated review process to determine whether any additional changes are necessary.

OIG Position

To accept management decision on this recommendation, the FS needs to provide a specific timeframe for completing the above actions.

EXHIBIT A – SUMMARY OF MONETARY RESULTS

RECOMMENDATION NUMBER	DESCRIPTION	AMOUNT	CATEGORY
3	FS WO did not review and approve rehabilitation and restoration projects that regions ultimately selected	\$2,500,000	Questioned Costs, Recovery Recommended

EXHIBIT B – FOREST SERVICE UNITS VISITED

FS UNIT	LOCATION
Washington Office	Washington, D.C.
<u>Region 1</u> Northern Regional Office Bitterroot National Forest Lolo National Forest	Missoula, MT Hamilton, MT Missoula, MT
<u>Region 5</u> Pacific Southwest Regional Office San Bernardino National Forest Plumas National Forest	Vallejo, CA San Bernardino, CA Quincy, CA

EXHIBIT C – FOREST SERVICE NATIONAL FIRE PLAN FUNDING BY TITLE AND KEY POINT PROGRAM AREA (PER FOREST SERVICE WASHINGTON OFFICE)

KEY POINT PROGRAM AREA	FY 2000	FY 2001	FY 2001	FY 2001
	Final	Conference Base	National Fire Plan	Total
Firefighting				
Fire Preparedness ¹	\$359,840,000	\$404,343,000	\$208,147,000	\$612,490,000
Emergency Fire Contingency ²	\$390,000,000	\$150,000,000	\$276,000,000	\$426,000,000
Fire Suppression ²	\$130,687,000	\$141,029,000	\$178,606,000	\$319,635,000
Fire Facilities ³	\$0	\$0	\$43,903,000	\$43,903,000
Program Total	\$880,527,000	\$695,372,000	\$706,656,000	\$1,402,028,000
Rehabilitation & Restoration³	\$0	\$0	\$141,688,000	\$141,688,000
Program Total	\$0	\$0	\$141,688,000	\$141,688,000
Hazardous Fuel Reduction				
Hazardous Fuel Reduction ³	\$70,300,000	\$85,610,000	\$119,736,000	\$205,346,000
Forest Health Management ³	\$60,632,000	\$63,944,000	\$11,974,000	\$75,918,000
Research ³	\$0	\$0	\$15,965,000	\$15,965,000
Program Total	\$130,932,000	\$149,554,000	\$147,675,000	\$297,229,000
Community Assistance				
State Fire Assistance ³	\$24,733,000	\$25,000,000	\$50,383,000	\$75,383,000
Volunteer Fire Assistance ³	\$3,250,000	\$5,000,000	\$8,262,000	\$13,262,000
Economic Action Programs ³	\$20,104,000	\$30,336,000	\$12,472,000	\$42,808,000
Community Fire Assistance ³	\$0	\$0	\$34,923,000	\$34,923,000
Program Total	\$48,087,000	\$60,336,000	\$106,040,000	\$166,376,000
Total For All Programs	\$1,059,546,000	\$905,262,000	\$1,102,059,000	\$2,007,321,000

¹ NFP amount appropriated under Title II. Total funds appropriated under Title II for NFP implementation was \$484 million.

² NFP amount appropriated under Title IV. Total funds appropriated under Title IV for NFP implementation was \$619 million.

EXHIBIT D – AMOUNT OF NATIONAL FIRE PLAN FUNDING ALLOCATED TO EACH FOREST SERVICE UNIT (PER FOREST SERVICE WASHINGTON OFFICE)

FS UNIT	FY 2000	FY 2001	FY 2001	FY 2001
	Final	Conference Base	National Fire Plan	Total
Washington Office	\$591,577,000	\$402,909,000	\$498,944,000	\$901,853,000
Region 1 (Missoula, MT)	\$45,427,000	\$42,764,000	\$116,527,000	\$159,291,000
Region 2 (Golden, CO)	\$30,132,000	\$29,791,000	\$45,045,000	\$74,836,000
Region 3 (Albuquerque, NM)	\$52,877,000	\$53,628,000	\$79,664,000	\$133,292,000
Region 4 (Ogden, UT)	\$42,023,000	\$43,651,000	\$80,481,000	\$124,132,000
Region 5 (Vallejo, CA)	\$130,264,000	\$150,780,000	\$107,010,000	\$257,790,000
Region 6 (Portland, OR)	\$71,751,000	\$63,402,000	\$64,041,000	\$127,443,000
Region 8 (Atlanta, GA)	\$50,566,000	\$54,527,000	\$44,365,000	\$98,892,000
Region 9 (Milwaukee, WI)	\$10,607,000	\$18,695,000	\$14,210,000	\$32,905,000
Region 10 (Juneau, AK)	\$6,786,000	\$14,821,000	\$13,815,000	\$28,636,000
Other	\$27,536,000	\$30,294,000	\$37,957,000	\$68,251,000
Total	\$1,059,546,000	\$905,262,000	\$1,102,059,000	\$2,007,321,000

EXHIBIT E – FOREST SERVICE RESPONSE TO DRAFT REPORT



United States
Department of
Agriculture

Forest
Service

Washington Office

14 & Independence SW
P.O. Box 96090
Washington, DC 20090

File Code: 1430

Date: NOV 2 2001

Subject: OIG Discussion Draft Report "Forest Service National Fire Plan Implementation"
Report Number 08601-26-SF

To: Richard D. Long, Assistant Inspector General for Audit,
Office of Inspector General

This letter is in response to the United States Department of Agriculture, Office of Inspector General, Discussion Draft Report of the "Forest Service's National Fire Plan Implementation", dated September 21, 2001. The Forest Service appreciates the opportunity to review this report, and is providing you with the following comments relative to the report's finding and recommendations on meeting the Most Efficient Level (MEL) of firefighting and the appropriate use of National Fire Plan funds for specified rehabilitation and restoration projects.

Most Efficient Level of Firefighting

While the Forest Service agrees that errors were made when indirect costs and capital expenditures were entered into the National Fire Management Analysis System (NFMAS) model, this data was not the casual factor in the Forest Service's inability to reach 100 percent of the most efficient level of firefighting in fiscal year (FY) 2001. The primary reason for not reaching 100 percent MEL was the government-wide shortage of trained wildland fire suppression crew supervisory personnel. This worker shortage is expected to be addressed in time for the FY 2002 wildland fire season.

Although a midyear assessment indicated a shortfall in the estimate for indirect costs, the FY 2001 fire season exceeded the 10-year average and provided savings in fire preparedness that offset the indirect cost shortfall. In addition, the Forest Service compensated non-standardized equipment and additional crews for the required equipment. As a result of these actions, the Forest Service fielded a wildland fire management organization at about 97 percent of MEL, a 23 percent increase over FY 2000. The Congress has been informed that the Forest Service was unable to reach 100 percent of MEL in FY 2001 and of the actions being taken and needs required to reach that goal in FY 2002.

The Forest Service has entered updated indirect cost information into the NFMAS model, however the Forest Service is not updating NFMAS for the additional capital equipment purchases. Presently, the Forest Service and the Department of Interior are jointly updating the optimization model for firefighting. Different capabilities are being considered in the development of a new modeling system to more accurately reflect the complexities of firefighting in the wildland-urban interface. Until that time the Forest Service plans on using NFMAS to provide a reasoned estimate of fire protection funding requirements and adjusting the model when necessary.



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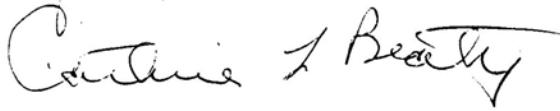
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Rehabilitation and Restoration

During the Management Reviews planned by the Forest Service for FY 2002, the Washington Office will review a representative sample of rehabilitation and restoration projects that regions select for National Fire Plan funding to ensure they meet the project selection criteria. Additionally, the Forest Service will review the selection criteria utilized to prioritize rehabilitation and restoration projects and clarify direction on the use of these National Fire Plan funds, as needed.

If you have additional questions or concerns, please contact our Audit Liaison, Linda Washington, at 202-205-1560.



CATHRINE L. BEATY
Acting Chief Financial Officer
Deputy Chief, Office of Finance

Enclosure

cc: Chris Osborne

Fire & Aviation Management

State & Private Forestry

Program Budget & Analysis

Associate Deputy Chief, National Forest Systems

ENCLOSURE

**Office of Inspector General (OIG)
Audit Report No. 08601-26-SF
Forest Service National Fire Plan Implementation**

OIG Recommendation No. 1: Determine the additional funding needed during FY 2001 to meet MEL and immediately notify Congress of this need.

Forest Service Response Recommendation No. 1: The Forest Service disagrees with the Office of Inspector General's first finding and the recommendation for requesting additional funding to meet 100 percent MEL in FY 2001. Funding was not the cause of not meeting 100 percent MEL, the service-wide shortage of trained wildland fire suppression crew supervisory personnel was the primary cause.

OIG Recommendation No. 2: Require Forest Service units to enter into NFMAS all costs associated with meeting MEL (including updating the indirect cost estimate, if warranted) when determining their firefighting funding needs.

Forest Service Response Recommendation No. 2: The Forest Service concurs with Office of Inspector General's recommendation that updated indirect cost data must be placed into NFMAS to achieve precise estimates of the MEL of firefighting. However, the Agency believes that it is unnecessary to update NFMAS to reflect capital costs.

OIG Recommendation No. 3: Direct the Washington Office National Fire Plan (NFP) Implementation Program Coordinator for Rehabilitation and Restoration to review all projects regions select for NFP funding to ensure they meet project selection criteria.

Forest Service Response to Recommendation No. 3: The Forest Service concurs with the Office of Inspector General's third recommendation. The Forest Service will review a representative sample of rehabilitation and restoration projects that regions select for NFP funding to ensure they meet the project selection criteria.

OIG Recommendation No. 4: Clarify the project selection criteria to address conditions reported above as well as others found by the Washington Office NFP Implementation Program Coordinator for Rehabilitation and Restoration. Also seek Congressional approval to amend the project selection criteria, if warranted.

Forest Service Response to Recommendation No. 4: The Forest Service will preview and clarify direction regarding NFP funds as needed. Additional projects will be reviewed through the NFP integrated review process to determine whether any additional changes are necessary.

