

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL

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Before the
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Good morning, Chairman Simpson, Ranking Member Moran, and Members of the Subcommittee. I would like to thank you for inviting me to testify about our audit and investigative work concerning the Department of Agriculture's (USDA) Forest Service (FS). Given the wide range of FS' programs and the vital public interest served by activities such as fighting wildfires, our FS work is usually high profile and of great interest to Congress and to the public. At the outset, I would like to express OIG's regard for the natural resources stewardship of FS officials and employees across the Nation. In every FS program we review, we find FS employees to be knowledgeable, dedicated, and devoted to the agency's mission of sustaining the health, diversity, and productivity of the Nation's forests and grasslands.

My statement today emphasizes the three management challenges facing FS that OIG believes are most significant. We maintain that FS needs to (1) strengthen its controls and processes to improve the health of the national forests and reduce the costs of fighting fires; (2) implement strong management control systems capable of effectively managing resources, measuring progress towards objectives, and reporting accomplishments objectively; and (3) take steps to ensure that Recovery Act funds are expended in ways that are timely, effective, and transparent.¹ The audit and investigative work I discuss today is intended to help FS meet these challenges.

Fighting Fires in Our Nation's Forests and Grasslands

Over the last decade FS has dealt with increasingly severe fire seasons, and FS' costs for fighting those fires have more than doubled, rising to more than \$1 billion in FY 2009. These fires are also dangerous to those tasked with fighting them. Tragically, several fires have resulted in the deaths of firefighters.

¹ U.S. Department of Agriculture: Office of Inspector General Management Challenges, August 2010.

Given the costs of these fires—both in money and lives—OIG has conducted a number of reviews intended to help FS better combat these natural disasters. For example, in the area of firefighting succession planning, OIG looked at FS’ plans to recruit, train, develop, and retain personnel who fill critical fire management positions, such as fire incident commanders and logistics chiefs. Like the workforce in many Federal agencies, a large portion of FS employees occupying these positions are nearing retirement. In 2009, approximately 26 percent of these critical personnel were eligible to retire; in 5 years, 64 percent will be eligible; and in 10 years, 86 percent. We found that FS has not developed a detailed plan to replace these critical personnel and that its program for training them was inadequate. FS relies on employees to volunteer for positions that interest them, and relies on their preferences coinciding with the agency’s needs. Additionally, because FS employees complete their training programs at their own pace, they take an average of 23 years to qualify for critical incident management positions, despite the fact that FS estimates that an employee could qualify in only 11 years with a more focused approach to training. Given our concerns, OIG recommended that FS develop a national workforce plan that would more proactively address openings in the agency’s firefighting ranks. FS generally concurred with these recommendations.²

One of the consequences of FS facing shortages in its available firefighting personnel is that the agency must turn more and more to contractors to supply the labor it requires to fight severe fires. In “Forest Service Contracted Labor Crews,” OIG reviewed how FS selects and deploys contracted crews, and also reviewed the effectiveness of those crews. We found that FS does not have an annual pre-fire season planning process to analyze data from prior seasons and to determine how its resources can best be used. Additionally, because FS does not have reliable

² 08601-54-SF, *Forest Service’s Firefighting Succession Planning Process*, March 2010.

estimates of the costs of its various contracted firefighting crews or adequate information concerning their performance, the agency is not well positioned to evaluate contracted crews' efficiency and effectiveness. FS could also do more to streamline its process for deploying these crews, as it performed duplicate inspections of crews as they are sent to a fire, costing the Government \$1.7 million in 1 year and delaying the arrival of crews to the fire by an average of 2 hours. We made a number of recommendations aimed at improving how FS administers these contracted fire crews and tracks the expense of using them. FS agreed with most of our recommendations, but we are still working to resolve our issues with how FS tracks contracted crews' performance.³

OIG has also recently completed a follow-up review of two earlier audits pertaining to firefighting safety—"Firefighting Safety Program" and "Firefighting Contract Crews."⁴ In our "Firefighting Safety Program" review, we recommended that FS develop a consolidated tracking system that included all of its plans to correct the causes of accidents, as well as its responses to audits and internal reviews related to firefighting safety.⁵ Although FS generally agreed with our recommendations, we found that, 6 years after our previous audit, the agency continued to overlook some safety information that should have been included in its database (e.g., accident reports and hazard abatement plans). In "Firefighting Contract Crews," we recommended that FS improve how it reviews the crews with which it contracts to ensure they are qualified to fight fires.⁶ FS did take steps to ensure that key personnel were qualified and fit for duty, but it did

³ 08001-02-AT, *Forest Service Contracted Labor Crews*, February 2010.

⁴ 08601-58-SF, *Forest Service: Firefighting Safety Follow-Up*, September 2010.

⁵ 08601-38-SF, *Firefighting Safety Program*, September 2004.

⁶ 08601-42-SF, *Firefighting Contract Crews*, March 2006.

not issue agency-wide guidance to ensure that similar reviews would occur in subsequent years. OIG and FS are working to resolve these outstanding recommendations.⁷

Among OIG's most serious fire oversight responsibilities is our Congressionally mandated duty to independently investigate the deaths of FS officers or employees that occur due to wildfire entrapment or burnover.⁸ In 2002, Congress assigned OIG this responsibility after four firefighters were entrapped and subsequently killed during a burnover in the Thirtymile Fire in Washington State. Our most recent investigation in this area addressed the deaths of five firefighters during the Esperanza Fire near the town of Cabazon, in Southern California. Our report of investigation—published in December 2009—found no issues related to potential misconduct or unauthorized actions by FS personnel involved in the Esperanza Fire.

It is important to note that, when there is a firefighting fatality, OIG's review is one of at least three investigations ongoing at the same time. OIG is not presently conducting one of these reviews, but we are working with FS to develop protocols for the handling of these investigations so that such reviews can be conducted as expeditiously as possible.

Management Controls

Among the various management challenges FS faces is the need to implement a strong system of internal controls so that it can effectively manage resources, measure progress towards its goals and objectives, and accurately report its accomplishments.

Our work on FS' invasive species program illustrates the nature of the challenge facing the agency. FS is responsible for preventing the introduction of invasive species into the lands it

⁷ 08601-58-SF, *Forest Service Firefighting Safety Follow-Up Audit*, September 2010.

⁸ Public Law 107-203; see 7 U.S.C. § 2270b.

manages and combating those invasive species that have already been introduced. Affecting hundreds of millions of acres, invasive species are a serious problem; in fact, FS' national strategy calls the problem of invasive species a "catastrophic wildfire in slow motion." In our audit, OIG reviewed FS' invasive species program to determine how effective the agency has been in reducing, minimizing, or eliminating the impact of invasive species in the Nation's forests. We found that FS' invasive species program lacks many of the internal controls ordinarily associated with the effective stewardship of Federal funds, such as an overall assessment of the risks posed by invasive species; effective control activities; effective communication of relevant information within the agency; and adequate monitoring of the program's performance. FS has not inventoried the invasive species affecting U.S. forests, assessed the risks associated with various species, or estimated the efficacy of its available treatments. Moreover, due to how FS accounts for its funds, it cannot state how much money it spends annually on the invasive species program, or how much it is spending to control any given species. Without such information, FS cannot make meaningful statements about the effectiveness and the efficiency of its invasive species treatments. OIG recommended that FS revisit how it has established the invasive species program, and reestablish the program with a sound internal control structure. FS agreed with our recommendations.⁹

Oversight of Recovery Act Expenditures

As part of the Recovery Act, FS received an additional \$1.15 billion to implement capital improvement maintenance and wildland fire management. With these funds come significant challenges for FS management to ensure that the monies are used quickly, effectively, and transparently. As part of the Act, Congress also mandated that OIG oversee FS' activities to

⁹ 08601-7-AT, *Forest Service Invasive Species Program*, September 2010.

ensure that Recovery Act funds are spent in a manner minimizing the risk of improper use. In response, OIG has developed a comprehensive plan to review FS Recovery Act programs. OIG has also issued short-turnaround reports, known as Fast Reports, so that USDA program managers can take corrective action as soon as we identify problems. We have published 18 such Fast Reports relating to FS programs and activities, and we are reviewing every FS program that received Recovery Act funding. OIG continues to devote a significant portion of its resources to ongoing Recovery Act work.

Of the \$1.15 billion in Recovery Act funds, the Act included \$650 million for FS to implement capital improvement and maintenance projects, largely through contractors and grant recipients. As part of our oversight, we reviewed specific agreements to see if they had been correctly performed and documented, and also evaluated FS' contract and grant award process. Of the program participants we sampled, we reported instances of inappropriate purchases charged to Recovery Act projects, such as iPhones, promotional t-shirts, office improvements, and vacuum cleaners. One grantee's inappropriate Recovery Act fund expenditures led us to question eight sub-grants totaling about \$317,000. OIG also found that program participants and FS were not keeping adequate project records to ensure transparency and accountability. FS' own execution of contract awards has also experienced problems, including contract announcements not being published on the required Government website, and appropriate contract language—meant to ensure Recovery Act requirements are met and to protect FS' rights to initiate enforcement actions—not being included in some contracts.

Similarly, the Recovery Act included \$500 million for FS to improve its wildland fire management. FS used these additional funds for activities such as its wood-to-energy grants (which promote the use of forest biomass resulting from clearing brush and otherwise reducing

hazardous fuels in forests), as well as for other wildland fire management projects. We reviewed specific Recovery Act-funded grants to non-Federal entities to ensure that recipients complied with applicable laws and regulations. OIG found instances where recipients requested reimbursement for equipment purchases and maintenance that lacked justification, support, or exceeded actual expenditures. We also found that FS' Recovery Act grant agreements did not always include required and necessary language, including language related to ensuring that grantees complied with all appropriate laws and regulations.

At present, OIG is in the process of carrying out reviews of USDA Recovery Act funds that focus on program delivery and compliance. As we move into our Recovery Act oversight for fiscal year 2012, we will be focusing on how USDA agencies report the effectiveness of their program activities. Through our reports, Congress can expect to receive updates on the effectiveness of FS' capital improvement and wildland fire management efforts, and on how FS reports those activities.

In addition to our planned audit work, OIG has received and processed a total of 14 hotline complaints involving the potential misuse of Recovery Act funds. We have included several of these complaints in ongoing Recovery Act audits, and OIG investigations staff are assessing the remaining complaints and following up on the allegations as appropriate.

Financial Statements

Since 2002, FS has contracted with KPMG to review its financial statements, and since that time the agency has gradually eliminated internal control weaknesses related to financial reporting. Partially as a result of centralizing its accounting operations, FS has, for 5 years consecutively, received an unqualified opinion on its financial statements. At present, FS is preparing to

convert to USDA's new financial management system—the Financial Management Modernization Initiative (FMMI). Though converting to this system is a major undertaking, OIG believes that FMMI should positively affect how FS maintains and reports its financial data.

Upcoming Audit Work Relating to FS

In the coming months, OIG plans to issue several reports concerning FS programs of interest to the Subcommittee. In response to a hotline complaint alleging fraud and mismanagement of a \$7 million contract that FS signed for the development of fire modeling software (software that FS uses to better understand how fire interacts with terrain, vegetation, weather, and other factors), OIG audited the FS Rocky Mountain Research Station and its relationship with the contractor in question. We are currently awaiting FS' response to our draft report.

OIG has recently completed fieldwork on FS' Special Use Program—a program that provides authorizations for citizens applying to use FS land for a wide variety of purposes, including setting up communication relays, bottling spring water, and guiding and outfitting. Currently, FS is responsible for monitoring more than 74,000 authorizations for over 180 types of uses. Unlike the Department of Interior's Bureau of Land Management—which can use fees from a similar program to help operate its program—FS must pass the fees it collects to the Department of the Treasury. In 2008, these fees amounted to \$15.7 million. We have provided our draft report to the agency and we will be discussing this draft with FS officials in March 2011.

Finally, OIG is completing a review of FS' Forest Legacy Program, a program designed to help States acquire, through easements, partial interest in privately controlled lands in order to restrict development and promote sustainable forest practices. Since the inception of the Forest Legacy Program in 1990, FS has provided over \$595 million to conserve private forest lands, and has

protected nearly 2 million acres in 43 States and territories. OIG initiated this audit to evaluate if projects selected for legacy program funding met eligibility requirements, if project costs were adequately matched, and if projects were properly monitored. We expect our report to be issued as final in March 2011.

OIG Investigations of FS Employee Misconduct

FS employs almost 30,000 people, and it is an unfortunate fact that a small number do not adhere to the high standards of behavior expected of Federal employees. When FS employees commit crimes, OIG conducts investigations intended to bring about the prosecution of the wrongdoers and restore the public trust. Our recent FS-related investigations resulted in the following outcomes:

- A former FS employee in Florida was sentenced to 1 year in prison and ordered to pay almost \$20,000 in restitution after he admitted that he stole material from FS, including automotive repair equipment, and conspired to help a family friend be awarded FS contracts.
- Another FS employee in Wisconsin was sentenced to 1 year in prison and ordered to pay \$320,000 in restitution after she abused her Government purchase card and used the card to deposit money into her personal checking accounts.

Such investigations assist FS managers in identifying fraud schemes and in deterring other employees from engaging in misconduct. In this sense, our investigations also aid FS in strengthening its management controls over its programs.

Conclusion

In conclusion, I would like to reaffirm OIG's commitment to helping FS meet the management challenges outlined in this testimony and to responding to the requirements of the Recovery Act. Thank you, once again, for inviting me to testify before the Subcommittee. I would be pleased to address any questions.