

# Division of Forestry

## Audit Highlights



Highlights of Legislative Auditor report on the Division of Forestry, issued on December 11, 2002. Report # LA02-32.

### Purpose of Audit

The purpose of this audit was to determine if the Division of Forestry established sufficient controls to ensure expenditures were appropriate and in accordance with applicable laws, regulations, and procedures. This audit included charges to the Fire Suppression Account and Division payroll expenditures for the 18 months ended December 31, 2001.

### Audit Recommendations

This report contained 12 recommendations to help ensure fire suppression and payroll expenditures are appropriate and in compliance with applicable laws, regulations, and procedures. Specifically, policies and procedures are needed to ensure fire suppression expenditures are properly billed and supported by sufficient documentation, and fire supply inventories are properly safeguarded. The Division also needs to reevaluate its purchase order process and eliminate unnecessary procedures. To improve the Division's payroll process, procedures should be revised to ensure all payroll expenditures are charged to the proper account and employees are paid in accordance with applicable laws and regulations. In addition, the Division should consolidate the regular and fire suppression timesheets into one document, streamline the timesheet review process, provide on-going payroll training, and ensure supervisors conduct accurate and timely reviews. The Division should also determine if its automated incident reporting system can help improve the efficiency and effectiveness of the payroll and billing process.

The Division accepted all 12 audit recommendations.

### Status of Recommendations

The Division of Forestry's 60-day plan for corrective action is due on March 11, 2003. In addition, the six-month report on the status of audit recommendations is due September 11, 2003.

## Department of Conservation and Natural Resources

### Results in Brief

The Division of Forestry has implemented controls over expenditures paid from the Fire Suppression Account since our last audit. However, these controls did not ensure reimbursable expenditures were properly billed. Consequently, the Division did not recover about \$300,000 in reimbursable expenditures from federal agencies. Furthermore, procedures did not ensure expenditures were supported by adequate documentation. Without adequate documentation, the Division is at risk of paying for services or goods it did not receive. Additionally, some purchasing procedures created unnecessary paperwork.

The Division's current payroll process does not provide sufficient controls to ensure payments are proper. Although timesheets were subjected to an extensive review process, they contained numerous reporting errors. As a result, county payroll expenditures were charged to the state, employees received over and under payments, and overtime payments were not always supported by required documentation. These problems can be attributed to a complicated, cumbersome, and inefficient reporting process, as well as, inadequate training and supervisory review. While the Division has taken some corrective action to improve the payroll process, additional improvements are needed.

### Principal Findings

The Division provides reimbursable support services to federal and other state firefighting agencies. Since these reimbursable expenditures account for the majority of Fire Suppression Account activity, procedures should ensure these expenditures are properly billed. However, we found expenditures totaling nearly \$320,000 that had not been billed and about \$20,000 over billed.

During the 18 months ended December 31, 2001, the Division paid federal agencies \$2.4 million for fire suppression support services. Of the 10 invoices we examined, 9 totaling approximately \$617,000 did not have sufficient documentation to determine if all charges were appropriate.

Some firefighters' overtime and holiday premium pay resulting from non-emergency activity was inappropriately charged to the State. Although the amount of overtime paid is not readily available, approximately \$37,000 in holiday premium pay was charged to the Fire Suppression Account. Firefighter's payroll costs resulting from normal station coverage should be charged to the county funded Intergovernmental Agreement Account.

Of the 100 timesheets we tested, 61 contained from 1 to 5 errors. Errors included double counting of hours, pay premiums recorded incorrectly, and overtime worked but not paid. As a result, some employees received over and under payments. We also found overtime was approved after it was worked, insufficient documentation to support overtime, and errors regarding overtime codes.

The Division did not properly compensate employees because it did not always interpret state laws and regulations correctly. In addition, employees qualifying for certain pay premiums did not always receive the same compensation as others who qualified. Finally, changes in regulations and procedures were not always communicated to personnel in a timely manner.

Reducing the number of timekeeping documents will help improve the accuracy of the Division's payroll process. Employees prepared as many as four timesheets each pay period plus a timekeeping report for each emergency response. Therefore, numerous documents had to be reviewed and processed. As a result, reporting errors were not always detected.

Because of an inefficient review process, some timesheets took months to process. The lengthy process also contributed to employees submitting a duplicate timesheet and being paid twice for the same hours.