

## Status of Audit Resolution

December 2015

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Department of Natural Resources (DNR)

Agency: 490

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**Audit Report:** 1015212

**Finding Number:** 001

**Finding:** The Department of Natural Resources did not follow established policy when it executed an emergency wildfire suppression contract that cost \$1.8 million.

**Resolution:** The Department's internal auditor is conducting an audit of emergency rentals, leases, and purchase contracts entered into by the Department for firefighting resources during the 2015 wildfire season. The internal auditor will test these items to ensure compliance with state laws and regulations and the Department's policies and procedures.

The Department executives and managers will issue reminders to wildfire fiscal staff of agency policies and procedures regarding contracts for wild land firefighting resources, with direction to ensure that all emergency contracts are complete and include detailed compensation components as required in the contract template. These reminders will be issued annually, before the wildfire season, during refresher training for all personnel responsible for wildfire business functions.

Department wildfire administrators will give direction to incident commanders and wildfire fiscal and purchasing staff, to comply with internal policies and procedures. Specifically, to ensure fire suppression resource contracts are complete with appropriate goods and services descriptions, and itemized wage and equipment rates. This communication will also occur annually, before the wildfire season, during refresher training for all personnel responsible for wildfire business functions.

Annually, in advance of the fire season, the Department wildfire personnel will reach out to local fire suppression resource contractors to request they enter into pre-season agreements to avoid the haste of entering emergency agreements in the midst of wildfire season. Outreach will include contractors who have supported wildfire response in the past, as well as potentially new contractors who are interested in having an agreement in place so they can participate in wildfire response in the future.

The Department incurred additional charges during the 2015 season with the contractor identified in the audit. The Department is reviewing these charges with a high level of scrutiny to ensure appropriateness and reasonableness prior to payment. The Department terminated the contract and it will not be in effect for the 2016 wildfire season.

**Completion Date:** Corrective action is expected to be complete by June 2016.

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