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Date: November 7, 2012

To: Audit, Finance & Enterprise Committee

From: Jennifer Ruttman, City Auditor

Subject: Audit of Wildland Response Team Reimbursement Process

Attached is the final report on our Audit of the Mesa Fire & Medical Department's Wildland Response Team Reimbursement Process. This report will be presented at the next scheduled meeting of the Audit, Finance and Enterprise Committee. If you have any questions, please feel free to contact me at x3767.

AUDIT REPORT

CITY AUDITOR

Report Date: November 7, 2012
Department: Mesa Fire & Medical Department (MFMD)
Subject: Wildland Response Team Reimbursement Process
Lead Auditor: Karen Newman

OBJECTIVE

The objective of this audit was to evaluate the processes in place to ensure the City receives all available reimbursements from the State for services and equipment provided by the MFMD Wildland Response Team.

SCOPE & METHODOLOGY

To accomplish our objective, we interviewed key personnel, reviewed Arizona State Forester invoicing requirements, and examined reimbursement invoices for the three Wildland fires MFMD responded to in 2011 and 2012.

BACKGROUND

The MFMD Wildland Response Team was established in 2002. The Team consists of 20 National Wildfire Coordinating Group (NWCG) Red Card certified members with extensive training in firefighter safety and Wildland tactics. Under the Arizona State Forester's Cooperative Fire Rate (CFR) Agreement, the City is reimbursed by the Arizona State Forestry Division for labor, equipment, and supply costs incurred when these resources are assigned to State or Federal Wildland incidents. The agreement lists the equipment and personnel to be made available to the State Forester, and sets the reimbursement rates for those resources. The agreement also provides for the recovery of costs incurred by the City to cover the regular shifts of the personnel deployed at an incident. Currently, the only costs that are not reimbursable are the costs associated with any hours remaining on an employee's regular shift after he/she returns from a Wildland incident.

When Mesa's resources are needed at a Wildland incident, dispatch orders are received from the State dispatch center. The order is generally issued for equipment, and each piece of equipment is staffed with a standard number of personnel. MFMD assigns these individuals based on the equipment that is requested. Each crew is dispatched for a maximum of 14 days, after which a new crew may be dispatched.

Firefighters who return from a Wildland deployment during their regular shift day may or may not be required to report for duty for the remainder of their shift. This is determined on a

case-by-case basis, as needed to ensure the safety of all involved, but there is currently no written policy addressing this issue. The City has traditionally borne the cost for these additional hours. However, if the MFMD were to have a policy in place that allowed for a prescribed rest period under such circumstances, and if that policy were filed with and approved by the State, the CFR Agreement may allow for reimbursement of those costs.

When the incident is over, MFMD administrative staff must complete numerous forms and assemble an extensive array of supporting documents for submission to the State. The Arizona State Forester provides thorough, effective guidance and online tools to help local agencies successfully navigate this complicated process. Once all required documents are submitted, it takes approximately 3 months to receive the funds.

CONCLUSION

In our opinion, there are adequate processes in place to ensure the City receives all available reimbursements for services and equipment provided by the MFMD Wildland Response Team, except as noted in the attached Corrective Action Plans (CAPs). The City has been reimbursed \$126,460 for costs incurred to respond to the 2011 Wallow Fire; and has met the State's requirements to be reimbursed for the costs associated with the 2012 Gladiator and Elwood Fires – approximately \$58,000. However, there are two areas of opportunity for improvement, which should be addressed to ensure the City receives all available reimbursements in the future. Our observations and recommendations are summarized below. For additional details, please see the two attached CAPs.

SUMMARY OF OBSERVATIONS & RECOMMENDATIONS

1. The MFMD has not formally documented its policies and procedures for tracking Wildland expenses and obtaining reimbursements. Standard Operating Procedures (SOPs) for tracking Wildland Response Team expenses and requesting reimbursement from the State should be documented, to clearly disseminate expectations, minimize disruptions of essential operations during employee absences and ensure compliance with Arizona State Forester requirements.
2. The MFMD currently does not recover the costs associated with the rest periods sometimes granted to staff members who return from a Wildland deployment during their regular scheduled shifts. The MFMD should develop a policy that defines the terms and conditions under which a rest period will be permitted upon return from a Wildland deployment. This policy should then be submitted to the Arizona State Forester with the goal of gaining approval for reimbursement of such rest periods in the future.

CAP#1: Documentation of Standard Operating Procedures (SOPs)

Observations: The MFMD has not formally documented its policies and procedures for tracking Wildland expenses and obtaining reimbursements.

Comments: If the Department were to lose one or more of the employees currently responsible for preparing and submitting these reimbursement requests, there is an increased risk that the process may not continue to operate as intended, resulting in failure to recover all eligible expenses.

In addition to minimizing the potential for disruption of operations during employee absences, written Departmental procedures add value by setting clear expectations, providing necessary guidance for consistently and accurately performing essential tasks, and promoting compliance with regulations.

Recommendation: Standard Operating Procedures (SOPs) for tracking Wildland Response Team expenses and requesting reimbursement from the State should be documented, to clearly disseminate expectations, minimize disruptions of essential operations during employee absences and ensure compliance with Arizona State Forester requirements.

CAP#2: Post-Wildland Rest Period Policy

Observations: The MFMD currently does not recover the costs associated with rest periods, which are sometimes granted to staff members who return from a Wildland deployment during their regular scheduled shifts.

Comments: According to the General Provisions to Arizona State Forester's Cooperative Rate Agreement Form FM 104A (02/12):
"Rest and Recuperation (R&R) – R&R may be reimbursed if it is the policy of the cooperator to allow R&R. The policy may not exceed the Days Off conditions listed in the current NWCG IBMH. A copy of the cooperator's policy allowing R&R must be filed with the corresponding State Forestry District before the beginning of the incident to be considered."

According to the National Wildfire Coordinating Group, adequate rest periods after prolonged periods of work are essential to reduce fatigue and maintain safety. Therefore, it has sometimes been necessary to allow MFMD staff members to rest, rather than report for duty, upon returning from a Wildland deployment. However, the costs associated with these rest periods have not been reimbursed by the State, because MFMD does not have an approved policy filed with the State Forestry District.

Recommendation: The MFMD should develop a policy that defines the terms and conditions under which a rest period will be permitted upon return from a Wildland deployment. The policy should provide specific, appropriate guidance to ensure that all employees are treated fairly and that safety is maximized.

The policy should then be submitted to the Arizona State Forester with the goal of gaining approval for future reimbursement of costs associated with rest periods. If approval is obtained, accounting for rest period expenses should be added to the Department's Standard Operating Procedures for tracking Wildland Response Team expenses and requesting reimbursement.

**City Auditor
AUDIT RESPONSE FORM
Mesa Fire & Medical Department
Wildland Response Team Reimbursement Process**

Please enter your response to each recommendation into the white cells below.

	Agree Or Disagree	Brief Summary of Implementation Plan (NOTE: If recommendation will not be implemented, please explain your alternative plan to address the observation.)	Estimated Implementation Date (Month/Yr)
CAP #1: Documentation of Standard Operating Procedures (SOPs)			
Rec #1	Agree	<p>Standard Operating Procedures (SOPs) for tracking Wildland Response Team expenses and requesting reimbursement from the State should be documented, to clearly disseminate expectations, minimize disruptions of essential operations during employee absences and ensure compliance with Arizona State Forester requirements.</p> <p>The Financial Division of the Department is currently writing procedures that will document reimbursement procedures to ensure compliance with Arizona State Forester requirements to minimize disruptions of essential operations and ensure consistent expectations and procedures among the various members of the Department involved in Wildland responses, the tracking of those responses and the members responsible for processing the reimbursements. Since the Arizona State Forester updates their procedures annually and releases those updates in February or March of each year, our procedure will not be completed until we receive those updates. Our procedures will need to be reviewed annually to ensure compliance with the Arizona State Forester's annual update.</p>	April 2013
CAP #2: Post-Wildland Rest Period Policy			
Rec #1	Agree	<p>The MFMD should develop a policy that defines the terms and conditions under which a rest period will be permitted upon return from a Wildland deployment. The policy should provide specific, appropriate guidance to ensure that all employees are treated fairly and that safety is maximized.</p> <p>The policy should then be submitted to the Arizona State Forester with the goal of gaining approval for future reimbursement of costs associated with rest periods. If approval is obtained, accounting for rest period expenses should be added to the Department's Standard Operating Procedures for tracking Wildland Response Team expenses and requesting reimbursement.</p> <p>The audit of our wildland reimbursement procedures identified a gap in our Standard Operating Procedures (SOPs) as it pertains to reinstating members back in service after a wildland deployment. The lack of having such a procedure has caused some confusion and inconsistency among returning members and may have disqualified us from being eligible to submit for return rest period reimbursements. The Staffing Guidelines Committee, a standing Labor/Management committee, will review the current deployment/reinstatement wildland response procedures and make revisions that are updated to correspond with the Arizona State Forester's reimbursement procedures. The new procedure will be submitted to the Arizona State Forester for approval.</p>	April 2013