

Regional Product Accountability Audit and Timber Program Review

Fremont-Winema National Forest

April 24-28, 2017

INTRODUCTION:

From April 24-28, 2017, the Team conducted an unannounced Regional Forest Products Accountability Audit and Timber Program Review on the Fremont-Winema National Forest. The Team consisted of Michael Daugherty, Team Leader and Regional Program Lead for Sale Preparation, Contracts, and Product Valuation, and one of three Regional Stewardship Coordinators; Jeff Penman, Area Measurements Specialist; Marty Moeller, Regional Construction Engineer; Dana Croll, Regional TIM Coordinator; Andrew Hill, Resource Specialist Rogue River-Siskiyou NF; Nancy Richardson, Regional TSA Lead; Justin Burkey, Sale Admin Lead for the Region, Kraig Kidwell, FSR Gifford Pinchot NF.

AUDIT OBJECTIVE:

The objective of the audit was to assess the Forest stewardship contracts and agreements, and Forest product programs, identify strengths and weaknesses, and recommend needed corrections. A review was made of the Timber Program, stewardship contracts and agreements, Special Forest Products permit process, TIM implementation, and specific projects to sufficiently determine if the preparation and administration of contracts and agreements are adequate to ensure proper accountability and consistency with national and regional policy, and direction related to the management of Forest resources. By providing observations and feedback to the Forest and Districts, consistent working knowledge of accountability and vegetative program objectives and requirements can be achieved and maintained.

PROCEDURE AND PROCESS:

The Team reviewed and assessed the following programs and projects:

1. Timber Program and Forest's role in preparation and administration of contracts and agreements, including NEPA coordination and compliance
2. Tracer paint use and accountability
3. Timber designation, utilization, and accountability of Forest products
4. Special Forest Products program
5. TIM implementation and utilization
6. Fiscal and Financial aspects of timber and products programs
7. Engineering
8. Program Management
9. Logging systems notes and assistance

Unit visits were made to the Fremont-Winema Headquarters Office, Paisley RD, Chemult RD, Klamath Falls RD, Bly RD, and Chiloquin RD. The Audit Team reviewed stewardship contracts and agreements for documented activities and financial reports at office locations. The Team made field visits to the following contract areas: Black Hill Stewardship Agreement, and Ridge Stewardship Reoffer.

GENERAL COMMENTS:

The Team met with one of the Forests' FSRs, and Forest personnel from sale administration, sale preparation, financial management, Special Forest Products, Forest Officers, and line and staff officers. Forest and District personnel provided detailed information to inquiries and were enthusiastic in sharing insights and opinions.

The following are definitions for this report; Findings – deficiencies in program management and/or implementation that require line officer involvement and management direction to correct. A Required Action containing corrective measures is defined for each Finding. The forest produces an Action Plan which is sent to the Regional Forester and includes specific actions to be taken by the forest to implement each Required Action. Observations – opportunities to improve current practices. Some observations identify areas of potential vulnerability. At the present time and under present circumstances, observations may not represent an immediate threat to Forest management implementation and accountability. However, if current circumstances change, there may be a need to re-evaluate these areas in order to mitigate potential losses.

COMMENDATIONS:

1. The forest' timber program is making maximum use of stewardship contract and agreement authorities in treating landscapes to meet forest plan land management goals and objectives.
2. The forest is creative in timber target attainment by modifying a current task order and Supplemental Project Agreement (SPA) and adding timber volume through add-vol procedures.
3. The forest has developed good working relationships with Partners to the benefit of Klamath Tribe, local communities, local service businesses, and the local forest product manufacturer.
4. The Team found the Ridge Stewardship presale package to be neat, organized and complete.
5. Tracer paint was tested and documented by the presale personnel during sale preparation on Ridgeway and Lil Stewardship as directed in the 2409.12, Timber Cruising Handbook, 72.3.
6. The forest is using validated stem profile equations for determining volume on all contracts reviewed as per regional direction.
7. The unit is to be commended for developing a forest supplement in 2010 listing all roads that are required to have Surface Rock Replacement (SRR) deposits collected.
8. The Team visited frontliners at the Supervisor's Office, Lakeview Ranger District, Chemult Ranger District, Chiloquin Ranger District, Bly Ranger District, Paisley Ranger District and Klamath Falls Ranger District. All of the frontliners visited were very welcoming and open to discussing their processes and procedures. Thank you everyone for the hospitality and great discussions.
9. The Team would also like to recognize the Paisley, Chiloquin, and Bly Ranger Districts for their excellent organization and record keeping pertaining to Special Forest Products Permits.
10. The paint drying enclosure at the Lakeview District noted as a finding in 2012 was rectified under this review.

11. The Forest has maintained exceptional paint shed conditions, security, and accountability.
12. The Team would like to thank the Forest personnel responsible for updating the Forest's Timber Product Accountability Action Plan in 2017. The previous Forest accountability plan was signed in 2014.
13. Truck check frequency requirements as stated in the Regional Product Accountability Action Plan are being exceeded on the Black Hills SPAs.
14. The forest is to be commended for developing a forest supplement listing all roads that are required to have Surface Rock Replacement (SRR) deposits collected.
15. The Team would like to thank Joni Drinkwater who was very welcoming, pleasant and willing to discuss the contracts and processes used on the Forest. She freely shared her records and answered questions honestly, which is greatly appreciated.

I. Timber Information Manager (TIM)

Observations

1. When using a manual permit that has several products, the Forest Officer is to put a line through the products that the permittee is not purchasing. This improves accountability by eliminating the possibility of a permittee adding product to their permit that was not purchased.
2. If part of the vehicle information is missing for a permit, do not input any information into this field. It is not a mandatory field.
3. Forest Officer Roles in TIM need to be updated and signed by a line officer. The updated roles worksheets need to be filed and copies sent to each user. TIM roles must be reviewed at least once each fiscal year. A line officer must review and approve any changes to the TIM role assignments and annually review and validate that all roles are granted correctly and sign off on a new worksheet. The TIM roles worksheet must be maintained for the current year and the previous 2 years. Suggestion: list all TIM users on one page per District.
4. Original signatures are needed on both copies of permit. This includes permits issued directly in TIM and manual permits.
5. Manual permits are not being completed properly. All required fields must be completed when using manual permits.
6. Forest Officers should print their permits duplex. The official file must contain a complete permit, which includes the terms and conditions on page 2. This ensures that the permittee cannot remove or misplace the terms and conditions of the permit.
7. For ease of tracking firewood and Christmas tree tags, the Team recommends frontliners use a register.

8. All Christmas tree permits need to be input on a manual permit, including vendor permits. Selling Christmas tree tags directly from TIM results in the district not receiving credit for all the tags sold on that permit.
9. Product Plans for mushrooms have the wrong Rate per Products (UOM). Commercial Mushrooms – Other should be \$2.00 and Commercial Mushrooms – Matsutake should be \$8.00. This will make the product plan consistent with the Mushroom Synopsis that is handed out to the Permittee. All mushroom product plans need to be revised to the above amounts. All outstanding manual permits will need to be voided and new manual permits generated. Also, having separate product plans for Daily and Seasonal mushroom permits will reduce the confusion for frontliners and lessen the chances of permittees having negative interactions with LEOs. An example would be to put Daily and Seasonal in the product plan names.
10. Daily mushroom permits must have a termination date consistent with the terms and conditions of the permit. For example, a \$20.00 daily permit which is 10 consecutive days must have a termination date 10 days from the effective date of the permit. If the permittee selects their picking days, the termination date is the last day picked. Currently, some issuers are not able to change the termination date to comply with the above conditions. The product plan set up in TIM will not allow this field to be edited. All product plans will need to be updated as soon as possible.
11. Those involved in TIM Data Management need to improve communications to create consistency across the forest for SFP permits and user role processes.
12. Cone permits that were issued for 30 days had a termination date at the end of the year.
13. Voided permits need to be kept with “voided” written across them and the reason why the permit was voided. If another permit is issued to the permittee, valid and voided permits are to be filed together.
14. Forest Officers are accepting forms of identification that do not meet handbook direction. FSH 2409.18, Chapter 50, 54.12 Completion of Permit, #5 lists acceptable forms of identification as: tax identification number, SSN, driver’s license number, Immigration and Naturalization Service number, or other identification issued by the federal government or a state government.

Findings

1. This was a finding in the 2012 Forest Audit. Other Conditions on all product plans need to be reviewed for accuracy. Several product plans have the following statement “Notwithstanding General Condition #5, vehicles are allowed off roads when resource damage does not occur and where it is not otherwise restricted.” Voiding this General Condition is contrary to current Travel Management policy. Also, Other Conditions must not modify General conditions. Refer to FSH 2409.18, 54.12, and 20.

Required Action: Remove the statement regarding vehicles off road from all active product plans and replace with a statement that reflects the current Travel Management policy.

Destroy all outstanding manual permits that have the incorrect statement and reissue new manual permits.

2. Completion of final Collection Officer Register (COR), batching of CORs, and submission of receipts are not being done weekly.

Required Action: The above stated actions must be done weekly or when receipts total \$5,000.00, whichever comes first, FSH 6509.14, 14.5, and FSH 2409.18, 54.13. Follow handbook direction.

3. There are numerous manual permits that have been voided in TIM that are still on hand.

Required Action: Frontliners need to fill out an AD-112, get required signatures, including a witness signature for destroying manual permits. These should not be voided in TIM until the TIM requester receives a copy of the AD-112 to confirm their destruction.

4. There are numerous outstanding manual permits for employees no longer with the Forest.

Required Action: Forest must research status of manual permits assigned to these individuals. Follow directions related to their voiding and destruction.

5. All Forest TIM roles need to be reviewed. Due to retirements and employee turnover, roles are granted to users who no longer work on the Forest. Also inappropriate roles were found assigned to users.

Required Action: Review the roles for all TIM users. All roles inappropriately assigned must be revoked and reflected on a new roles worksheet.

6. Several Christmas tree tags could not be found on the issuer's accountability register or in their inventory.

Required Action: Audit the Christmas tree tags and report discrepancies to the District Ranger.

7. Three Christmas tree tags were not input into TIM or POSS.

Required Action: Input the 3 Christmas tree tags that were identified as missing into TIM and deposit the appropriate amount of money into POSS, FSH 6509.14, 14.5; FSH 2409.18, 54.13.

8. Several outstanding manual permits could not be found.

Required Action: Research and ascertain the location(s) of the manual permits and document findings.

9. The statement "General Condition #15 is made inapplicable in its entirety" has been added to Daily Commercial Mushroom Permits – Other.

Required Action: General Condition #15 needs to be included for daily mushroom permits. A Product Quantity Removal Record is required when the permit is Daily, FSH 2409.18, Chapter 50, 54.12, #20. The forest must delete the added statement from the permits.

10. Permit extensions and pen and ink changes to the permit are not allowed. Extensions are not allowed on FS-2400-1 and FS-2400-8 permits. Refer to FSH 2409.18, 53- Exhibit 01, Contract/Permit Use Matrix and FSH 2409.19, 54.14 – Modification, for more information.

Required Action: Follow handbook direction.

11. Multiple people are being entered into the permittee field.

Required Action: Permits are issued to individuals. See FSH 2409.18, Chapter 50, 54.1.

12. Forest Officers were found without a letter for every district they will be issuing permits.

Required Action: Issuers must get a Forest Officer letter for each district they issue permits FSM 2400 Chapter – Zero Code, 2404.25a.

13. All charge permits need to be a minimum of \$20.00. We found cone permits that had a process fee of 0.20 due to the permit being \$19.80.

Required Action: Follow FSM 2400, R6 Supplement, Chapter 30, 2431.31c.

14. Forest Officer delegation letters were found made out to the Forest Supervisor and not the delegated individual.

Required Action: A delegation to serve as Forest Officer shall be made by official correspondence to a named individual, for a specific permit or set of permits, FSM 2400 Chapter – Zero Code, 2404.25a. New delegation letters to named individuals are to be issued.

15. Special forest product removal permits were being issued out of one drawer by all issuers at the front desk of one ranger district.

Required Action: All permit issuers need separate load tags. See FSH 6509.14, Chapter 10.

16. Mushroom permits are being issued with a unit of measure 'lbs' (pounds). The Product Plan is set up with 'pound' as the unit of measure. This is incorrect. 'Gallons' is to be used to make enforcement of the permit easier for LEOs.

Required Action: Product plans that have the option of selecting pounds as the unit of measure need to be made inactive. A new product plan will need to be created using gallons as the unit of measure. All outstanding manual permits will need to be voided and new manual permits generated.

II. Tracer Paint Storage/Marking Observations

1. The Team audited paint storage lockers at the Paisley, Bly, Chiloquin and Lakeview Ranger Districts for tracer paint inventory, use records, and paint storage security.
2. All reviewed districts are using the proper Issue and Inventory Record for Tracer Paint Inventory Form 2400-65, except for Bly where an old version of the document is still being used.
3. A minimum of three paint lots were checked at each paint shed and all were correct.
4. Tracer paint was tested at all units and found to be positive.
5. Overall the security of each paint storage facility was found to be adequate with the exception of Chiloquin Ranger District.

Findings

1. Individuals not designated as paint custodians can access the tracer paint storage facility.

Required Action: The District Ranger shall require individuals without proper designation as a paint custodians to relinquish their keys to the secure storage area, or direct the paint custodian to replace the locks. Refer to FSH 2409.12, 72.41 for more information.

III. Cruising

Observations

1. The forest currently has three designated advanced cruisers. One has moved into Sale Administration, one is on detail, leaving only one working in presale. Emphasis should be placed on increasing the number of advanced cruisers to ensure cruise designs and plans are completed by individuals with the proper qualifications and to reduce that work that would need to be done by the Forest Measurement Specialist for designing cruises.
2. There are some very large cutting units in both Black Hills SPA and Lil Stewardship. Based on ortho-photography, these appear to be highly variable in volume as well as species distribution. When cruising units or groups of units like this, it becomes harder to establish a valid volume estimate. Even though sample errors were met, this high variability along with low number of plots and the number of null (no trees) plots may not accurately reflect the volume. More stratification should be considered to ensure volumes estimates are better reflected in the contracts.
3. Only one cruise design for one cruise method was found in most contracts reviewed. There was no evidence of other cruise methods being considered during the design phase which is needed to ensure the correct cruise method is chosen. Copies of all designs should be included in the package.
4. A table was created listing the names of cruisers in the implementation plans. Descriptions included qualified, apprentice or training. Nationally and regionally, apprentice and training cruisers are not recognized and should be removed.
5. No pre-cruise was completed on STA 1 and STA 2. The design was based off the original Lil cruise. When a design is done in this fashion (comparison cruise design), both the original stand characteristics and final characteristics need to be the same. STA 2 species

did not include LLP. This can result in an inaccurate cruise design in some cases and not meeting desired sample error.

Findings

1. No letter was found designating Jon Paul, Forest Measurement Specialist, as Forest Check Cruiser for the Fremont-Wineman NF.

Required Action: The Forest Measurement Specialist needs to submit a Timber Cruiser/Log Scaling Certification Application and Record, R6-FS-2400-134, to one of the Area Measurements Specialist. Once approved, the Forest will need to designate Jon as the Forest Check Cruiser. The Regional Area Measurement Specialists can assist with the certificate and designation letter.

2. In the spring of 2016, a test area was set up to conduct maintenance checks on all cruisers. This is not an approved method for doing yearly maintenance checks on production cruisers. Data is to be gathered on actual projects being prepared throughout the year.

Required Action: Ensure the Forest Measurement Specialist has advance notice as cruising begins on each project so they can plan accordingly to make various site visits to ensure checks can be completely as required. See FSH 2409.12, Timber Cruising Handbook, 62.4. Also, ensure required documentation is completed and available.

3. Original sample error on Lil was 17.96%. When STA 1 and STA 2 were cruised, documentation was found stating the design sample error for each was to be less than 50% which meets the requirements of a strata error when contracts include more than one strata. Sample errors for the two additional modifications were 20.87% and 29.12%, respectively. Although each of the cruises (strata) meets the 50% error, no documentation was found to support that the new "Sale as a Whole" sample error was met after adding the volume. In this case, strata error is not applicable when it is the only strata in the sale. When single strata are added at a later date, they must meet not only the strata error but the new desired sample error with the original volume.

Required Action: As each strata is added, the forest shall add this cruise information to the original cruise and reprocess it to ensure both strata and sale as a whole error are met. The region will follow up with direction in the Regional Product Accountability Plan and a cruise bulletin.

4. When a contract or agreement is offered as scaled, proper documentation must be completed to justify why the sale was not sold as tree measurement. No documentation for this was found on any contract reviewed.

Required Action: Complete required justification for each scaled sale per R6 2409.12-2016-1, Chapter 40-Cruise Planning, Data Recording, and Cruise Reporting.

5. The Black Hills Phase I, "Certification of Cruise" was signed by the appropriate official and was included in the presale package but the actual cruise with this signature was processed on a different date and did not match the cruise certification that was signed.

Required Action: Ensure the cruise is final before it is signed by the District Ranger. If any changes occur and the cruise is reprocessed, the certification must be resigned. Refer to FSH 2409.12, 63.6 Timber Cruising Handbook.

6. Documentation on Black Hills Phase I stated the design was to meet a 30% sample error. The actual sample error was 18.8%. Phase II sample error was 27%. When sample errors for scaled sales are more than 20%, justification must be included to support a different sample error. No additional documentation was found to support designing for a different sample error than directed in the handbook.

Required Action: Follow FSH 2409.12, 41.1 Timber Cruising Handbook.

7. Ridge Stewardship includes ICO marking that is to be completed by the Partner. An accurate volume estimate cannot be determined in this scenario because the cruiser cannot assess each plot for potential ICO requirements.

Required Action: In the future, areas that need to meet ICO requirements should be determined on the ground prior to cruising so more accurate estimate of volume can be completed as the cruiser is establishing plot center and determining the cut trees.

8. Some cruise cards were missing required information such as sale number, sale name and full names of cruisers.

Required Action: Every field on every cruise card must be filled out completely per Basic Cruiser Training Workbook, June 1, 2015.

IV. Timber Sale Contract Preparation and Layout

Observations

1. There are two current forest supplements in directives, Chapter 40 – Sale Plan Implementation (Gate 3) and Appraisal, 2409.18-2011-1 and 2409.18-2010-1. Both of these supplements supersede an earlier version dated in 2004. To eliminate confusion, supplement 2409.18-2010-1 is to be removed.

Findings

1. Modifications were made to Lil Task Order on the 10 Year IRSC for the Lakeview Federal Sustained Yield Unit. Modifications were also made to a Supplemental Project Agreement (SPA) on Black Hills Stewardship Master Agreement. Both modifications added treatment units, timber volume, and other service type restoration work. In reviewing the modifications, required documentation was not available to the Team for one or both of the projects reviewed.

Required Action: Follow national and regional requirements and policy and direction related to preparing and documenting stewardship contracts and agreements.

V. Timber Sale Accounting

Observations

1. Delegation letters for Bid Custodian, Sales Officer, Forest Officer, and Contracting Officer were not in hard copy form and did not have an original signature. The only copies found were kept on the O drive with only the /s/ signature. This was discussed with Joni and she will be creating a binder to keep these in one place and ensure that hard copies of these signed documents are maintained. It is also acceptable to scan signed documents and store on the O drive.
2. On Lil Stewardship review it was discovered that the TIM gate certs for gates 1-4 contained no final approval signature in the appropriate space provided.
3. Black Hills Phase 1 Stewardship credit limit in TSA needs to be corrected to show the accurate amount per Mod 2 Value of goods for services or total value of services exchanged; both indicate the limit that should be shown in TSA as the Stewardship credit limit. Mod 2 currently shows \$750,774.78, TSA currently shows \$750,508.00. The Stewardship Credit limit in TSA needs to be increased by \$ 266.78 to reflect the correct limit indicated on Mod 2.

Findings

1. This is a repeat finding from the 2012 Forest Audit. Current TSA bonding is not in compliance within established procedures. Bonding documents are not being monitored and kept current. TSA373-02 report dated March 31, 2017 indicates one payment bond is 90 days past termination for Quick Silver Contracting. TSA350-01 dated March 31, 2017 contains one Payment bond 90 days past the termination date (B/BT9.1), and three payment bonds past their termination dates (B/BT4.3). Bonds beyond their termination dates place the government at risk for loss.

Required Action: Forests are to review and implement bonding requirements in FSH 6509.17 Automated Timber Sale Accounting Handbook, Chapter 30.

2. This is a repeat finding from the 2012 Forest Audit. TSA Contract closing requirements are not in compliance. The TSA473-02 report dated March 31, 2017 indicates there are eight contracts past their termination dates. One contract is 731 days past termination and another contract 549 days past termination. Also, there are three contracts 280, 240 and 159 days respectively, past their termination dates. One contract is 90 days and two others are 60 days past their termination dates.

Required Action: Review contract closure requirements in FSH. Close all Timber Sale contracts within 90 days of final inspection. Refer to FSH 6509.17, Chapter 20 and the ATSA Desk Guide (06-2010) for more information. Also, see WO and RO direction letters 2014 where it states all contracts are to be closed within 90 days of their contract termination date.

3. This is a repeat finding from the 2012 Forest Audit. Trust Fund and TPBP monitoring and management is currently not being accomplished on the Forest. Management of the Forest trust fund accounts is critical to ensure future funds are available in KV, SSF, and TPBP. The monitoring and management of the Forest trust fund accounts needs to be done monthly after month end closure of TSA. In discussions with Joni, this was being done annually by the contracting officer, but this position is currently vacant, and no monitoring or management is being done by anyone else at this time. Annual review of trust funds is not sufficient to properly

monitor and manage these funds. Joni stated she was willing to help monitor these collections, but will require additional training and oversight to manage these on her own.

Required Action: Review FSH 2409.19, 73, FSH 6509.17, 20, and ATSA Desk Guide. Review all contracts and TSA Trust Fund account limits to determine which contract plan limits and collection percentages need to be revised and/or adjusted.

4. On Lil Stewardship, there were discrepancies found of what the correct estimated additional volume to be added to this sale should be. The signature page to Modification 3 dated 9/7/16 indicates that the additional Timber Subject to Agreement volume will be 229,581.75 Tons, while the schedule of items for Modification 3 shows 92,959.75 Tons to be added as Timber Subject to Agreement. In addition, the only additional volume found beyond the original volume in TSA was 17,345.35 Tons. This was entered in two separate transactions which were found on synopsis dated 1/13/17 for 7381.25 and synopsis dated 2/14/17 for 9,964.10 Tons totaling additions of 17,345.35 Tons.

Required Action: Using cruise documentation, determine which volume is the correct Timber Subject to Agreement volume being added in Mod 3. Dependent upon which additional volume number is correct for Mod 3, enter corrections to TSA to reflect the correct amount of tons for this contract. If the 229,581.75 volume figure is correct, there is an additional 212,236.40 Tons that need to be input to TSA. If the 92,959.75 volume figure is correct, there is an additional 75,614.40 Tons that need to be input to TSA. These numbers were arrived at by deducting the portion of additional volume that was already included in TSA of 17,345.35 Tons from the volumes in question on Mod 3.

5. This was a Finding in the last 2 audits. There was no documentation found that the forest is performing the required number of District Log Accountability reviews/audits.

Required Action: Follow the requirements and direction contained in FSH 2409.15, Ch. 28.2 which states "...Forest Supervisors must ensure one audit is conducted every two years on each Ranger District." Completing these audits/reviews will allow the forest to take needed corrective actions.

6. On Lil Stewardship there has been no service work or payments reported on the Progress Reports Spreadsheets for the life of the contract. These payments have not been reported in TSA and the Contractor is being billed monthly for volume removed which does not meet the intent of the stewardship agreement. Inspection reports and submitted partners invoices indicates work is being done on the ground but not reported in the progress reporting spreadsheets and TSA. This and all subsequent work is to be reported on the progress report monthly when work is being accomplished and accepted.

Required Action: Submit progress reports monthly when work is being performed. Document all work items and quantity of work that was completed during the month timely on the applicable spreadsheets. Refer to FSH 2409.19, 60, 62.4 and FSH 6509.11K, 50.

7. This is a repeat finding from the 2012 audit. Statements did not appear to be reviewed every month by anyone other than the Resource Specialist. The handbook states the SA, FSR, or CO needs to sign and date statements indicating their review and agreement with the data contained therein. Joni explained, statements are reviewed on the districts and this copy is being kept on

the districts and not sent to the Supervisor's Office for filing. The handbook states that the official contract folder for each timber sale/stewardship project is to reside at the office of the Contracting Officer. Also, section 14.1 lists the minimum documents to be in the folder including the timber sale statements of account and the forms needed to initiate the timber statement of account. The Forest needs to ensure that one original file is being kept for each contract and the documents are original and complete.

Required Action: Comply with the review and filing requirements per the following handbook direction. See FSH 6509.17 Monthly review of the statements and FSH 2409.15, 14 for where the Contract documents are to reside.

8. This is a repeat finding from the 2012 audit. FSH requires 100% review of data contained on the original synopsis with check marks and initials and date to show the data was reviewed. Of the sales reviewed, some items had this check but were only partially verified and contained no initials and/or date. Verification of changes in subsequent synopses and statements should also be documented with check mark and initials and dated per handbook direction.

Required Action: Follow the direction in FSH 6509.17, 12.2. Review and indicate with check marks that 100% of the original data was verified, initialed, and dated on each original synopsis. Follow the same process for each subsequent synopsis with a check mark by the information changed, initial and date.

9. This is a repeat finding from the 2012 audit. Bills for Collection reviewed are missing payment verification documents.

Required Action: At a minimum, per FSH 6509.14, 15.7, Forest Service will use the Accounts Receivable Case History Line Table (ARCL) to track the case history of all billings. The ARCL is an FMMI generated document. It is acceptable to use the Lockbox report, General Ledger to TSA (GLTSA) report, and the edit update, in substitution for the ARCL report to indicate billing was tracked from FMMI to TSA successfully. The 3 documents used in combination contain the information required by the ARCL report. At a minimum, the FMMI report, or all three documents when not using the FMMI report, need to be attached to the billing document.

10. Lil Stewardship contract modifications contain several inconsistencies in the Road Maintenance collection rates. The original rate was noted to be \$1.68 per Ton, on Modification 4 this rate was indicated to have changed to \$1.40 per Ton. Modification 6 has yet again another rate of \$.59 per Ton. The clause K-F.3.2# Road Maintenance Deposit Schedule has remained at \$1.68 consistently throughout all of these modifications. TSA was not updated for any of the modifications. If the intent is to add these amounts per ton to the original rate, then the rate on the clause should be updated and the total rate should be entered into the modification. The contract or agreement and TSA can only have one deposit rate.

Required Action: Forest needs to calculate a weighted average to determine the correct Road Maintenance Deposit and modify the contract and/or agreement to correct the mistake. In addition, TSA needs to be adjusted based on the recalculated rate.

11. A current Forest SSF plan for Commercial and Personal Use Firewood permits could not be located. Without a Plan, the forest cannot maximize collections. The SSF Plan should be updated annually.

Required Action: The Forest SSF Plan should be located and ensure that it is updated per FSH 2409.19 and FSM 2435. The Plan was in existence during the 2012 audit. This is mentioned in the 2012 audit under special forest products section.

VI. Administration of Agreements and Contracts

Observations

1. Although the Forest has recently added Harvest Inspector/Presale positions, it is not clear to Sale Administration (SA) personnel, including the Harvest Inspectors, as to the priority work on the Forest. Multiple SA personnel stated that during this audit was the first time they heard management comment that administration work is priority over presale work on the forest.
2. It is unclear as to whom is delegated what authority on the various different types of projects across the Forests. Individuals who do not have Contracting Officer Representative (COR) certifications are still engaged in formal and informal project communication.
3. The Forest was not able to provide the Team with complete documentation packages for various projects in any single location. When numerous Forest personnel were asked where complete contract/project files are located on Forest, there was not agreement as to this location.
4. Communication and information sharing does not seem to be effective between the various personnel involved with preparing and administering the projects on the Forest. This was highlighted in a number of emails and through various different project folders and files not being.
5. Lil Stewardship (Lil): On the Contract Area Map (CAM), landlines are listed as approximate and A.1 does not reference landlines as being surveyed. Survey monuments are listed on CAM to be protected, and as such, the CAM and A.1 should list landlines as surveyed.
6. Lil : The yarding and skidding requirements found in the Fremont N.F. supplemental BMPs (EA Appendix D, T-11), and subsequently K-G.4.2#, are precise for an average and difficult at best to achieve on the ground. BMPs state "Existing skid trail systems should be used to the extent practicable to achieve the spacing of 132 feet. Those skid trails between the 132 foot spaced skid trails should generally not be used, unless otherwise identified in the EA." One foot precision while meeting the other design criteria and BMP requirements infers a level of precision that does not exist as an average or "approximately" during implementation.
7. Lil: The Timber Subject to Agreement quantities for sawtimber found in A.2- Volume Estimates and Utilization Standards is very precise at 83,093.15 Ton for White Fir and Other Coniferous Species and 9,866.6 Ton for Ponderosa Pine. Regional direction is to round volumes and acres to whole numbers. More than this infers a level of precision that does not exist.
8. Lil: Tracking Acreage in A.3-Timber Designations is difficult at best. The original acreage listed in A.3 is 3,352 Tons, then modified to 2,777 Tons. The Timber Subject to Agreement acreage of

3,571 acres (cumulative through modification 6) does not equal the 7,004 acres listed in A.3 in Modification 6.

9. A.6- High Stumps references all species, but only sawtimber as the product applicable. Grn Bio Cv has been added to contracts by Timber Subject to Agreement, and therefore, Grn Bio Cv is not required to follow the stump requirements found in A.6.
10. Ridge Stewardship Reoffer (upcoming third reoffer) has one Optional Stewardship Project listed in A.4.3- Stewardship Credits. The Project is listed as priority number 2, but there is only the one optional project listed.
11. Ridge: Contract Area Map contains errors that have been identified in the Legend including incorrect provisions (F.1.2# should be K-F.1.2#) and not referencing K-G.3.1.5# for the Example Trees symbol. Landlines are also listed as approximate with known survey monuments on the CAM. Thoroughly review the CAM and make necessary corrections.
12. Updated 2017 Weighing Services Agreements, Yard Scaling Agreements, and Alternate Scaling Site Agreements, or letters agreeing no change is necessary have not been located at this time. Previous versions from 2016 and earlier were located at a District office and are on-hand, but no updates were located.

Findings:

1. The Team has observed a number of situations where public, employee, and contractor safety was compromised. The following are a few examples the Team found through review of documentation, and during our field visits;
 - a. H.21 in the parent agreement of Lil Stewardship task order restricts hauling during weekends. The opening day of elk season fell on a weekend. A line officer on Forest allowed hauling against the recommendation of the administrator. Line officers do not have authority on this contract.
 - b. There was a truck rollover on November 10, 2016 which is a restricted day as noted in H.21 of Lil Stewardship task order. The Forest Service was notified by Oregon State Patrol of the accident which totaled the log truck.
 - c. As noted in email dated November 30, 2016, holdover loads were parking near the Super 8 Motel causing a safety issue for the public.
 - d. Traffic control signage does not meet MUTCD and contract standard which is in place for the safety of all individuals in the project area.
 - e. Fuel truck is located on landing 2C on the Black Hills SPA. The fuel truck had jumper cables attached to the battery hanging out of the hood along with a number of cigarette butts around the tanker.

Required Action: Safety is the top priority for the Forest Service. The public's safety, our personnel's safety and our contractor's safety supersede accommodations made in the implementation of our contracts and agreements. Safety is covered in various sections of the different types of contracts and agreements the Forest implements. Sale administration personnel are to review these requirements and implement.

2. Timber accountability requirements are not being met by the Contractors and are not being enforced by FS personnel. During the field visit on Black Hills SPA and review of documents on Lil Stewardship and Black Hills SPA, it was apparent that accountability requirements were

not being met. In an email dated November 30, 2016 sent to Contractor personnel, the Timber Contracting Officer (CO) and Acquisition Contracting Officer (AQM CO) notified them that five trucks that day were observed not following the accountability requirements. As observed on our site visit to Black Hills SPA, a loaded log truck was checked for accountability requirements and was found not in compliance with branding and painting (B&P) requirements. The agreement administrator and forest representative noted in conversation that this was not the first instance where compliance with B&P requirements on the Black Hills SPA were not met. These requirements included the location of the Load Permit while the load is in transit along with the hammer branding and painting requirements. These situations are used as examples of possible timber theft in various training courses.

Required Action: Follow Timber Accountability requirements as stated in the Forest Service Handbook (FSH) R6 Supplement FSH 2409.15, 27.12, Forest Service Manual (FSM), Regional Accountability Action Plan and Forest Accountability Plan.

3. As noted in the Findings of the 2012 audit, the Forest has not completed any documented truck checks as noted on the review of Lil Stewardship task order. The frequency required in the Regional Product Accountability Action Plan would require approximately 75-85 trucks being checked based upon the volume reported in TSA.

Required Action: The Forest needs to meet Regional Product Accountability Action Plan requirements. This should be accomplished in a method over time and not all at once. This requirement in timber accountability is an early and easy step to the prevention of timber theft.

4. Overall administration documentation on the Lil Stewardship task order is poor and incomplete making it difficult, if not impossible, to determine what work has been authorized, completed, and accepted. The only notes referring to the review and approval of logging systems (landings and skid trails) is captured in hand drawn maps, and telephone log registry. Hand drawn maps dated 8/23/2016 also show the addition of haul routes with no notation of concurrence with the Contractor, NEPA, engineering, or updated road maintenance deposits. As noted in the Timber Sale Accounting section, service work which appears to have been completed and reviewed by field personnel has not been submitted for processing in TSA.

Required Action: During the administration of any type of contract it is imperative to keep a written record of all significant day-to-day administration occurrences that involve acceptance of completed work, contractor's deficiencies, and the need for follow-up action on the part of either party. Refer to FSH 2409.15 Timber Sale Administration Handbook, Chapter 10 Fundamental of Timber Sale Contracting and R6 Supplement 2409.15, 13.12 for general direction on acceptable documentation and inspection.

5. Through review of Lil Stewardship task order documents, it appears that operations were occurring during the restricted period as stated in K-G.3.1.5# Contract Operation Schedule for various bird protections. In a report dated 7/13/2016, the administrator noted that danger tree felling operations authorized under item 5.2g were ongoing and occurring during the restricted period. Also, documented in notes/maps dated 8/31/2016, cutting in subdivision 6 was occurring during the restricted period. Restrictions stated in the contract are for the protection of bald eagles, goshawks, ospreys and Coopers Hawk and originated in the NEPA document. If these restrictions were waived for the above activities, no supporting documentation of that waiver was found or provided to the Team. There is also documentation of an IFPL II waiver which was

recommended by the COR and reviewed by the Acting District Ranger (who was the District FMO), but never signed by the AQM CO. The AQM CO has sole authority to waive these requirements.

Required Action: Many restrictions are driven by requirements of law, such as Endangered Species Act, Clean Air Act, and Clean Water Act and in many cases are not allowed to be waived or altered. Waiving restrictions as listed in various contracts or agreements requires a review of the parent NEPA document to evaluate the actual ability to waive the listed restriction. If it is determined that it is in the best interest of the Government to waive such restriction, the appropriate Line Officer is required to sign the waiver.

6. The Designation by Prescription found in Lil Stewardship, Ridge Stewardship, and Black Hills SPA have very complex prescriptions. Within the prescriptions, there are numerous “levels” of applicability to consider including elements common to all stands and a multi-tiered approach. These prescriptions have upwards of eight different considerations for different stand types in addition to the common elements. Such complexity is difficult to assure credibility cruise and volume determination, and proper administration to achieve desired end results. It was apparent through discussion with Forest personnel there are different interpretations of the prescription which may or may not comply with NEPA.

Required Action: National and regional direction calls for use of DxP on simple non-complex prescriptions. See letter to Forest Supervisors dated February 9, 2016 which states... ‘complex prescriptions such as Individual tree designation, Clumps, and Openings (ICO) treatments should be Marked by the Forest Service with either blue or orange tracer paint.’

7. The Specifications found in A.2- Volume Estimates and Utilization Standards for Sawtimber are different than the same species and products listed and subsequently included as Timber Subject to Agreement through K-C.1.1#. Different specifications for the same products and species can lead to accountability issues including mis-utilization of material and prescriptions not being met.

Required Action: Having various standards for sawtimber will increase the possibility of timber theft and reduce our ability to track accountability. Ensure the standards listed in the original provision matches the standards listed in the modification for each species and product.

8. K-F.3.1# and T-854 - Treatment and Disposal of Danger Trees is listed in Pre-Haul Maintenance on all contracts reviewed. Danger trees identified prior to haul (pre-haul) commencing are the responsibility of the Forest Service to mitigate. This is a service item and not a restoration or mitigation measure.

Required Action: Pre-identified hazards must be treated by the Forest Service before personnel commence working in the area.

9. T-854- Treatment and Disposal of Danger Trees (T-854) was accepted and documented in July of 2016 as pre-haul and the Contractor has invoiced this work as pre-haul maintenance. T-854 listed in the Schedule of Items, Item 5.2g, is noted as “During Haul” maintenance. This item is also duplicated in the Schedule of Items (SOI) with an original quantity of 600 maximum in 5.2g and 50 maximum in 5.3c. By Modification 4, the quantity in 5.2g has been modified to a maximum of 1,400 trees.

Required Action: Only accept invoices for work described in the SOI.

10. Changes to the original Lil solicitation and subsequent modifications are not shown on, or listed in, the Legend of the Contract Area Map. This includes removing references to cut-to-length operations and the correction of 15 mph speed limit on unpaved roads. No actual updated Contract Area Map has been located.

Required Action: Ensure that all contract and agreement documents are reviewed and updated each time a modification is proposed and executed. Contradicting or conflicting information will cause confusion and difficulties in administering contracts and agreements. This can lead to disputes and claim against the Government.

VII. Engineering Observations

1. Road Maintenance Requirements Summary sheet on the Black Hills SPA lists both T-811 and T-838 as required contractor performance on road 3462025. The contractor is getting paid twice for similar work. T-811 is typically required on higher standard roads and T-838 is typically required on lower standard roads. They should not be required on the same road.

Findings

1. Signage observed on road access to Black Hills SPA agreement area does not meet Manual on Uniform Traffic Control Devices (MUTCD) standards, or Appendix G of the SPA, for sign placement (height and location) and retro-reflectivity materials. The logging operations signs shown below do not inform the public of the distance to said operations as required.

Existing Non-compliant Signage on Black Hills SPA.



Required Action: All traffic control signs are to meet the requirements of MUTCD as stated in the SPA. Refer to Section 2A.07 Retro-reflectivity and Illumination for more information.