

Issues and Recommendations for Finance NYS DHSOEM

- **Issues**

Resource Orders for equipment are not tracked by resource order number. As a result, accountability and traceability is compromised. For example, some equipment which is received in one location is reassigned or relocated to another location. Without a resource order number attached to a piece of equipment, it may be difficult to return any leased equipment back to the vendor who supplied this equipment. Also, delays in returning rental equipment will result in additional and unnecessary costs to the incident due to extending the time the equipment is used. Some of the property purchased for the agency for this Incident may be sensitive or accountable, and as a result it may be susceptible to loss or theft (e.g. I-Pads and other electronic equipment).

- **Recommendation**

All equipment, regardless of source, should be marked and identified with a resource order number, agency property number (if applicable), and if possible GPS equipment tracking. Since NYS DHS OEM utilizes a ticket system, this equipment should be matched with the ordering ticket number before it is utilized on an Incident. This will facilitate the return of the equipment to its correct location or vendor, and this information can be used to identify costly equipment which could be demobilized earlier if needed, which would also result in reducing overall costs. For example, leased rental equipment (of similar size and capability to agency equipment) can be de-mobilized first which will reduce overall incident costs.

- **Issue**

NYS utilizes the DLAN system for tracking Incident Management activity. This is a web-based system which allows multiple users to access and view information. It is a ticket based system which can provide real time updates to interested parties on the status of a particular issue. The Finance section uses this system to procure needed resources such as equipment, supplies, and housing.

Unfortunately, the DLAN system lacks this complete Financial System functionality. Currently, the Finance section focuses its attention primarily on procurement which is the only active Finance portion of the software. Other key elements of the Finance section must include cost reporting and tracking, recording personnel and equipment time and costs (for agreements with vendors which require payment for hours worked).

The Federal I-Suite system generates timesheets to document hours worked by personnel assigned to an Incident, which become part of the documentation necessary for Federal reimbursement. It also generates equipment use invoices for contractors which are then

Issues and Recommendations for Finance NYS DHSOEM

utilized as invoices for Federal payments and these are used as documentation for FEMA reimbursements.

Unfortunately, the current DLAN system is lacking some financial features which would make its use more beneficial. For example, there is no cost module, so that Incident Costs must be tracked separately on a spreadsheet which is extremely labor intensive. Also, by tracking costs of contracted equipment, a comparative analysis of similar equipment with different costs, can be utilized in the decision process to determine which equipment should be released first. Generally, the equipment which should be released first, is the most expensive equipment, and accurate cost information can be used to reduce overall Incident costs.

DLAN does not track personnel costs. On an all risk incident, equipment and personnel costs may represent the majority of the costs incurred, and in some Wildland fire events, air costs might also be significant. With a FEMA declaration on an Incident, it is important for the agency to be able to know what the overall financial impact of the event will be to them. Personnel time tracking may also provide beneficial information on employees who might exceed work rest guidelines and can provide an additional safeguard to prevent employees from getting hurt on the job by working long hours without adequate time off.

By tracking only some of the Incident costs, the agency does not get a complete picture of the true cost of the event will be until months or even years have passed. Additionally, some Incident Management teams request and may work under a Delegation of Authority which can set up a spending limit which cannot be exceeded by the team without prior approval of the host Agency. Cost tracking allows the Agency to monitor the financial cost of managing an Incident.

Accurate cost information is utilized on the Federal level to generate accounting system accruals to ensure agency line item budgets do not exceed their annual budget allotments. Current cost data may also be utilized to develop future cost projections.

The DLAN software is not configured to track the vendor selected or amount spent. While some of this information is available in the notes section, it is not sortable or easily obtainable. This information is needed for accountability and reconciliation to invoices received.

- **Recommendation**

Guidelines and Standard Operating Procedures for Financial Operations on Incidents are documented in the Interagency Incident Business Management Handbook which can be found here (http://www.nwcg.gov/pms/pubs/iibmh2/pms902_201208.pdf). Additional information may be obtained in the Federal Procurement regulations, Federal Department specific procurement regulations, along with Federal Buying team operational guidelines.

Issues and Recommendations for Finance NYS DHSOEM

These documents contain useful information which can be used on any type of Incident.

Additional guidance is generally found in an organization's already established Standard Operating Procedures. This document should be reviewed and updated as necessary to ensure that proper procedures are followed on any future incidents. Guidance to emergency personnel should identify which items should be leased, and which items may be purchased. Costs of leasing as compared with purchase price (along with the continuing need for this requirement) may be considered as a determining factor on which way to proceed.

The finance module of DLAN should be acquired, modified, adapted for DHS OEM needs, and implemented. Additional testing before acquisition should be performed by financial personnel knowledgeable in Incident Management to ensure that functions necessary for personnel tracking, along with detailed cost information, as well as any required reporting can be produced by this software. Additional modifications may be necessary to meet the agency's unique needs and requirements.

- **Issue**

The decision to order an Incident Management team, a Buying team or an Administrative Payment team, is often very difficult for an agency to make. The general rule is that these support functions should be ordered when the local agency exceeds its capability to manage the event. Additionally, any event of long duration will eventually take its toll on agency employees, Teams should be ordered to ensure that agency employees can return to their normal job functions. Also, the agency can allow these employees to take much needed time off to recharge their batteries before returning to work. Federal agencies require a mandatory day off after 14 days. Failure to adhere to these work/rest guidelines may result in accidents, lowered employee morale, and lower productivity.

- **Recommendation**

The NY DHS OEM Finance should consider its ongoing needs for support in light of its continuing and constantly changing environment. While the costs, in some cases, may be prohibitive (unless there is a cost sharing agreement with another agency), the welfare and productivity of employees should also be considered.

As an additional suggestion, daily section meetings should be held with all section employees to brief them on the current status of the Incident and to get their input and suggestions on how the Section is functioning as part of an overall team effort. Section employees may be able to provide valuable input and ideas regarding issues and tickets other team members may be working on.

Issues and Recommendations for Finance NYS DHSOEM

- **Issue**

A number of procurement personnel are initiating purchases just for this incident. Most Federal disaster agencies negotiate agreements with vendors far in advance of when these services may be required. These agreements may be utilized by other Federal agencies, states, and local cooperators depending on the type of event. The negotiation of agreements in advance ensures more competitive pricing and allows agencies to identify what kinds and types of equipment and services it may require to respond to an emergency.

This type of equipment and services can include generators, porta-potties, light towers, fuel tenders, propane tanks and gas, and local caterers. Vendors are aware of the exigency of the emergency event, and many may take advantage of this situation to charge higher than normal prices which will result in much higher costs to the agency.

- **Recommendation**

To the greatest extent possible, NYS DHSOEM must identify its future requirements, and negotiate in advance rental agreements with prospective vendors. OEM should identify and utilize existing Federal agreements already negotiated and in place by Federal agencies. These Federal agencies may include but are not limited to US Forest Service, National Park Service, US Fish and Wildlife Service, and the General Services Administration.

- **Issue**

Some purchases made during the intense initial stages of an emergency may not follow agency policies, and may not be an appropriate purchase in response to the Incident. Items which cannot be delivered until weeks or even months after the response phase, may not be reimbursable as a legitimate need for the emergency response. Normal agency operational costs should not be shifted and borne by the Incident.

Procurement employees issued agency cards have lost control of their spending, and their cards have been used (without their knowledge or the specific details of certain transactions). Accountability and responsibility for these transactions has been lost. Employees, who are responsible for these transactions have expressed concern over these practices. These actions may also result in fraudulent or inappropriate transactions being billed to DHS OEM.

- **Recommendation**

There may be a need to have independent approval of transactions to ensure appropriate Agency spending and procurement guidelines are followed. Internal Agency and credit card transactions must adhere to existing policies, and procurement employees should not be held

Issues and Recommendations for Finance NYS DHSOEM

accountable for transactions that were not processed, reviewed, and approved by them. Agency employees should not be required to procure items which violate Agency procurement guidelines.

Other agency employees should receive the appropriate procurement and credit card training, and they should be issued credit cards to support an Emergency workload. If there are insufficient qualified agency procurement personnel to meet the procurement requirements, DHS OEM should consider the use of Federally qualified buying teams, and Administrative payment teams.

DRAFT