

Millions of dollars for Tahoe fuels projects may have been misspent by Fire Safe Council

By Anne Knowles

The Nevada Fire Safe Council may have to return \$2.7 million to the U.S. Forest Service unless it can prove it properly spent the grant money. A federal investigation found the group mishandled the funds.

The U.S. Department of Agriculture's Office of Inspector General, which has been investigating the group after receiving a tip in July 2011, found NVFSC violated several federal regulations, including commingling federal grant money with other funds, allowing one person to be in charge of all aspects of managing the grant money and not conducting annual audits.



While no criminal charges have been filed, Andrew List is no longer with the Nevada Fire Safe Council.

Photo/LTN file

In a report released in January, the OIG recommended the USFS recover \$2.7 million of the \$9.8 million it awarded the nonprofit for hazardous fuels reduction work in the Lake Tahoe Basin. In a response to the OIG, the Forest Service said it is working with NVFSC and has given the group until Feb. 29 to provide documentation proving it spent the money in a way allowed by the grant.

Lake Tahoe News in July 2011 broke the story that the Nevada Fire Safe Council's financial practices were being questioned and the subsequent federal investigation.

The OIG also recommended the USFS withhold any further grant money until NVFSC proves it has implemented adequate internal controls and conducted the missing audits, and that NVFSC provide documentation for all other money spent. If unable to do so, the USFS should withhold reimbursement, the report says.

The OIG is still investigating NVFSC to see if it overcharged for fuels reduction work because it did not use a competitive bidding process to award contracts, the claim of the whistleblower whose call prompted the investigation. The OIG said it would deliver a final report, but did not specify when.

"This first report is letting us know they have uncovered some concerns," Cheva Heck, a public affairs officer with the USFS's Lake Tahoe Basin Management Unit, told *Lake Tahoe News*. "At this point, we're going to work with Nevada Fire Safe Council and move forward."

And while the OIG report did not accuse NVFSC of anything worse than mismanagement, it also didn't rule it out.

"Although nothing has come to our attention at this time to indicate that fraud actually occurred, our review of the council's financial accounting practices is still ongoing," the report says.

As an example of commingling of funds, the report said NVFSC put \$705,611 received through the American Recovery and Reinvestment Act into an account with other funds from other sources and used the account for rent, utilities and for other purposes not authorized under the act.

The report said Andrew List, the former executive director, was solely responsible for all aspects of handling the grants, such as receiving, depositing and dispersing the funds, when rules require those tasks to be handled by multiple people in order to reduce error and fraud.

Finally, the investigation found that NVFSC had not been audited for four years, from 2007 to 2010, as required by federal regulations.

When asked why, NVFSC board members told OIG that List had "maintained that each year that the audits were not being performed because an accounting firm could not be hired at an acceptable price."

According to the report, on Oct. 14, NVFSC board of directors told the OIG it planned on replacing the executive director with an interim director, developing new business and accounting procedures and hiring an accounting firm to manage its grants.

List left NVFSC late last year and Elwood Miller is now interim director.