A black and white photograph of the Minnesota State Capitol building, featuring its prominent dome and classical architectural details. The building is partially obscured by a large, dark blue diagonal shape that serves as a background for the title text.

Minnesota Board of Firefighter Training and Education

Performance Audit

March 2024

Financial Audit Division
Office of the Legislative Auditor
State of Minnesota

Financial Audit Division

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March 27, 2024

Members
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Minnesota Board of Firefighter Training and Education

This report presents the results of our performance audit of the Minnesota Board of Firefighter Training and Education for the period of July 2020 through December 2022. The objectives of this audit were to determine if the board had adequate internal controls and complied with significant finance-related legal requirements.

This audit was conducted by Zach Yzermans, CPA (Audit Director); and auditors Nicole Heggem; Andrea Hess; Crystal Nibbe, CFE; and Holly Runia; and former auditor Sarah Olsen.

We received the full cooperation of the board's staff while performing this audit.

Sincerely,



Judy Randall
Legislative Auditor



Lori Leysen, CPA
Deputy Legislative Auditor



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Introduction

The Minnesota Board of Firefighter Training and Education (MBFTE) operates within the Department of Public Safety. MBFTE is responsible for reviewing fire service training needs and promoting training for all firefighters. MBFTE is also responsible for issuing and revoking firefighter licenses in accordance with state law.¹ To meet these responsibilities, MBFTE funds training and oversees the quality of instructors and training curriculum.

In this report, we audited MBFTE's internal controls. Internal controls are the policies and procedures management establishes to govern how an organization conducts its work and fulfills its responsibilities. A well-managed organization has strong controls across all of its internal operations. If effectively designed and implemented, controls help ensure, for example, that inventory is secured, computer systems are protected, laws and rules are complied with, and authorized personnel properly document and process financial transactions.

Auditors focus on internal controls as a key indicator of whether an organization is well managed. In this audit, we focused on whether MBFTE had controls to ensure that it safeguarded state resources; appropriately spent state funds; and accurately paid its vendors, grantees, and employees in compliance with state laws and policies.

Minnesota Law Mandates Internal Controls in State Agencies

State agencies must have internal controls that:

- Safeguard public funds and assets and minimize incidences of fraud, waste, and abuse.
- Ensure that agencies administer programs in compliance with applicable laws and rules.

The law also requires the commissioner of Management and Budget to review OLA audit reports and help agencies correct internal control problems noted in those reports.

— *Minnesota Statutes 2023, 16A.057*

¹ *Minnesota Statutes 2023, Chapter 299N.*



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Report Summary

Conclusions

The Minnesota Board of Firefighter Training and Education (MBFTE) generally did not comply with the significant finance-related legal requirements we tested and generally did not have adequate internal controls. We identified a number of instances of noncompliance and internal control weakness. The more significant weaknesses were in the areas of receipts, and training and aid reimbursements. We also identified some weaknesses for the Department of Public Safety (DPS). The list of findings below and the full report provide more information about these concerns.

Findings and Recommendations

Finding 1. The Minnesota Board of Firefighter Training and Education and the Department of Public Safety did not document or retain documentation of preapprovals of employee overtime hours. (p. 15)

Recommendations

- The Minnesota Board of Firefighter Training and Education and the Department of Public Safety should comply with state policy and the Department of Public Safety's policy to document and retain overtime preapprovals.
- The Minnesota Board of Firefighter Training and Education and the Department of Public Safety should strengthen internal controls to ensure it documents and retains overtime documentation.

Finding 2. The Minnesota Board of Firefighter Training and Education and the Department of Public Safety did not document employee eligibility for paid COVID-19 leave, as required by policy. (p. 17)

Recommendations

- The Minnesota Board of Firefighter Training and Education and the Department of Public Safety should comply with state policies for all paid leave.
 - The Minnesota Board of Firefighter Training and Education and the Department of Public Safety should strengthen internal controls over all types of paid leave to ensure they sufficiently document employee eligibility and management approval for paid leave.
-

Finding 3. The Department of Public Safety did not require the Minnesota Board of Firefighter Training and Education state purchasing cardholders to receive refresher training or sign use agreements every three years. (p. 20)

Recommendations

- The Department of Public Safety should require all cardholders of state purchasing cards to receive refresher training and sign new use agreements, as required by state policy.
 - The Department of Public Safety should strengthen internal controls over state purchasing cards to ensure each cardholder receives refresher training and signs new use agreements every three years.
-

Finding 4. The Minnesota Board of Firefighter Training and Education and the Department of Public Safety did not always comply with state policy when using state purchasing cards. (p. 21)

Recommendations

- The Minnesota Board of Firefighter Training and Education and the Department of Public Safety should ensure they retain the required documentation to support purchasing card transactions.
 - The Minnesota Board of Firefighter Training and Education and the Department of Public Safety should ensure that employees' purchasing card transactions comply with applicable requirements of state statutes and policy.
 - The Minnesota Board of Firefighter Training and Education and the Department of Public Safety should promptly report all instances of unauthorized transactions to the Office of the Legislative Auditor.
-

Finding 5. The Department of Public Safety did not have procedures in place to verify whether mileage reported on monthly travel logs was for a business purpose. (p. 23)

Recommendation

The Department of Public Safety should implement procedures to verify the business purpose of purchases made on fuel cards.

Finding 6. The Minnesota Board of Firefighter Training and Education did not obtain the required number of price quotes for some of its training purchases. (p. 24)

Recommendation

The Minnesota Board of Firefighter Training and Education should ensure it obtains the required number of price quotes for its purchases.

Finding 7. The Minnesota Board of Firefighter Training and Education approved reimbursements for training without documentation demonstrating that qualified instructors provided the training. (p. 31)

Recommendations

- The Minnesota Board of Firefighter Training and Education should only approve training reimbursements when there is documentation demonstrating that qualified instructors provided the training.
 - The Minnesota Board of Firefighter Training and Education should strengthen internal controls over training reimbursements to ensure sufficient documentation of qualified instructors is provided.
-

Finding 8. The Minnesota Board of Firefighter Training and Education did not conduct required monitoring over the use of federal money. (p. 32)

Recommendations

- The Minnesota Board of Firefighter Training and Education should strengthen internal controls over federal training reimbursements to ensure appropriate monitoring is performed.
 - The Minnesota Board of Firefighter Training and Education should conduct required monitoring over federal awards.
-

Finding 9. The Minnesota Board of Firefighter Training and Education did not provide oversight of the aid it issued to Minnesota Firefighter Initiative, Minnesota Air Rescue Team, Arrowhead Regional Urban Search and Rescue, and Task Force 1. (p. 33)

Recommendations

- The Minnesota Board of Firefighter Training and Education should seek guidance from the Legislature and the Department of Public Safety regarding what oversight it should provide of the aid issued to Minnesota Firefighter Initiative, Minnesota Air Rescue Team, Arrowhead Regional Urban Search and Rescue, and Task Force 1.
 - The Minnesota Board of Firefighter Training and Education should work with the Legislature and the Department of Public Safety to determine if they need additional authority to oversee the aid issued to Minnesota Firefighter Initiative, Minnesota Air Rescue Team, Arrowhead Regional Urban Search and Rescue, and Task Force 1.
-

Finding 10. The Minnesota Board of Firefighter Training and Education and the Department of Public Safety did not deposit donations timely. (p. 36)

Recommendations

- The Minnesota Board of Firefighter Training and Education and the Department of Public Safety should deposit donations in accordance with state law.
 - The Minnesota Board of Firefighter Training and Education and the Department of Public Safety should strengthen internal controls to ensure deposits are made timely.
-

Finding 11. The Minnesota Board of Firefighter Training and Education did not separate duties for its firefighter license receipts process and did not have necessary compensating controls. (p. 37)

Recommendation

The Minnesota Board of Firefighter Training and Education should comply with state policy to adequately separate duties involved in collecting and depositing receipts.

Background

Minnesota Board of Firefighter Training and Education Overview and History

The Legislature established the Minnesota Board of Firefighter Training and Education (MBFTE) in 2000.² The board's responsibilities expired on December 31, 2003; however, the board continued to meet, and the Legislature reinstated the board's responsibilities in 2005.³ In 2009, the Legislature added licensing requirements as part of the board's duties, and Minnesota became the first state in the nation to license firefighters.⁴

MBFTE operates within the Department of Public Safety (DPS) under the authority of *Minnesota Statutes*, Chapter 299N. As such, MBFTE is subject to DPS policies and procedures, and it receives support from the DPS fiscal and administrative division.

MBFTE has an executive director and one full-time employee who report to the State Fire Marshal.⁵ The State Fire Marshal Division employs four fire service specialists who serve as liaisons between the division, MBFTE, and fire departments across the state. Although MBFTE employees report to the State Fire Marshal, the board itself makes budget and program decisions. Major duties of the board include:⁶

- Assessing fire service training needs and making training recommendations to Minnesota fire departments.
- Creating standards for educational programs to help prevent and fight fires, and developing procedures for continuing oversight of educational programs.
- Licensing firefighters and establishing qualifications for fire service training instructors.
- Developing standards to determine how and what training and education programs will be reimbursed.

² *Laws of Minnesota* 2000, Chapter 344, codified as *Minnesota Statutes* 2023, 299N.02.

³ *Laws of Minnesota* 2000, Chapter 344; *Laws of Minnesota* 2005, chapter 110, sec. 1; and Minnesota Legislative Reference Library, *Minnesota Agencies: Information on Minnesota State Agencies, Boards, Task Forces, and Commissions*, "Board of Firefighter Training and Education," <https://www.lrl.mn.gov/agencies/detail?AgencyID=1773>, updated October 17, 2014, accessed January 24, 2023.

⁴ *Laws of Minnesota* 2009, chapter 153, sec. 4, codified as *Minnesota Statutes* 2023, 299N.05.

⁵ The State Fire Marshal oversees the State Fire Marshal Division within DPS. The board hired a second full-time employee in August 2023, after our audit period.

⁶ *Minnesota Statutes* 2023, 299N.02, subd. 3(a).

MBFTE's 15-member board includes the following members appointed by the governor:⁷

1. Five members representing the Minnesota State Fire Department Association, four of whom must be volunteer firefighters and one of whom may be a full-time firefighter.⁸
2. Two members representing the Minnesota State Fire Chiefs Association, one of whom must be a volunteer fire chief.⁹
3. Two members representing the Minnesota Professional Fire Fighters.¹⁰
4. Two members representing Minnesota cities.
5. Two members representing Minnesota towns.
6. The commissioner of Public Safety or the commissioner's designee.
7. One public member not affiliated or associated with any member or interest represented in the list above.

MBFTE is primarily funded from the Fire Safety Account through appropriations made by the Legislature. The Fire Safety Account is a special revenue account funded by taxes on homeowner and commercial fire insurance policies. MBFTE also receives funding from DPS, based on recommendations made by the Fire Service Advisory Committee.¹¹ Additionally, MBFTE collects various types of receipts, including firefighter license fees, federal grants, interagency receipts, and donations.

⁷ *Minnesota Statutes* 2023, 299N.02, subd. 1.

⁸ The Minnesota State Fire Department Association is a member organization that seeks to keep the Legislature informed about current issues fire departments are encountering, <https://www.msfd.org>, accessed September 19, 2023.

⁹ The Minnesota State Fire Chiefs Association is a member organization that provides information and training to its members (senior fire officers) on a variety of topics, <https://www.msfc.org/about>, accessed September 19, 2023.

¹⁰ The Minnesota Professional Fire Fighters is a member organization that works with local and state governments to improve fire safety, support firefighter muscular dystrophy programs, and support local burn victims, <https://www.minnesotaprofessionalfirefighters.org/>, accessed September 19, 2023.

¹¹ According to *Minnesota Statutes* 2023, 299F.012, subd. 2(a), the Fire Service Advisory Committee consists of "representatives of each of the following organizations: two appointed by the president of the Minnesota State Fire Chiefs Association, two appointed by the president of the Minnesota State Fire Department Association, two appointed by the president of the Minnesota Professional Fire Fighters, two appointed by the president of the League of Minnesota Cities, one appointed by the president of the Minnesota Association of Townships, one appointed by the president of the Insurance Federation of Minnesota, one appointed jointly by the presidents of the Minnesota Chapter of the International Association of Arson Investigators and the Fire Marshals Association of Minnesota, and the commissioner of public safety or the commissioner's designee."

Audit Scope, Objectives, Methodology, and Criteria

We conducted this audit to determine whether MBFTE had adequate internal controls to ensure it safeguarded resources and complied with significant finance-related legal requirements. We audited firefighter license fees, donations, payroll expenditures, nonpayroll expenditures, and training and other reimbursements. The period under examination was from July 1, 2020, through December 31, 2022. Exhibit 1 shows MBFTE's appropriations and transfers, receipts, and expenditures during the scope of the audit.

Exhibit 1

Appropriations and Transfers, Receipts, and Expenditures, July 1, 2020, through December 31, 2022

Appropriations and Transfers	Amount
Miscellaneous Special Revenue Appropriations ^a	\$21,874,248
Miscellaneous Special Revenue Transfers Out ^b	(314,163)
Total	\$21,560,085
Receipts	Amount
Firefighter License Fees	\$ 71,900
All Other Receipts ^c	640,012
Total	\$ 711,912
Expenditures	Amount
Training and Aid Reimbursements	\$17,419,936
Nonpayroll Expenditures	486,552
Payroll	720,620
Total	\$18,627,108

^a *Laws of Minnesota* 2019, First Special Session, chapter 5, art. 1, sec. 12, subd. 5; and *Laws of Minnesota* 2021, First Special Session, chapter 11, art. 1, sec. 14, subd. 5.

^b According to *Minnesota Statutes* 2023, 16A.28, subd. 3, any appropriation amounts not carried forward and remaining unexpended and unencumbered at the close of a biennium lapse to the fund from which the appropriation was made.

^c Receipts are listed in more detail in Exhibit 8.

Source: Office of the Legislative Auditor, based on data in the state's accounting system.

Firefighter License Fees

This part of the audit focused on the collection of firefighter license fees. We designed our work to address the following questions:

- Were MBFTE's internal controls adequate to ensure that it accurately collected, accounted for, and safeguarded fees in compliance with legal requirements?
- Did MBFTE accurately collect, account for, and safeguard fees in compliance with legal requirements?

To gain an understanding of MBFTE's internal controls and compliance requirements for licensing fees, we interviewed MBFTE staff. We analyzed the fees collected electronically or via check, and we tested all check fees and a random sample of electronic fees to determine whether they were accurate and properly recorded. We also tested a random sample of firefighter applicants, as well as five applicants based on auditor judgment, to verify that they satisfied eligibility requirements. Finally, we tested all of the fees collected via check to determine if they were properly safeguarded and deposited.

Gift Receipts

This part of the audit focused on donations. We designed our work to address the following questions:

- Were MBFTE's internal controls adequate to ensure it accurately collected, accounted for, safeguarded, and deposited donations in compliance with legal requirements?
- Did MBFTE accurately collect, account for, safeguard, and deposit donations in compliance with legal requirements?

To gain an understanding of MBFTE's internal controls and compliance requirements for donations, we interviewed MBFTE staff. We also tested all donations and assessed whether MBFTE collected and deposited donations in compliance with Minnesota statutes and state policy.

Payroll Expenditures

This part of the audit focused on the accuracy of the compensation paid to employees. We designed our work to address the following questions:

- Were MBFTE's internal controls adequate to ensure that it accurately compensated employees in compliance with significant legal requirements?
- Did MBFTE accurately compensate employees in compliance with applicable legal requirements?

To gain an understanding of MBFTE's internal controls and compliance requirements for payroll expenditures, we interviewed MBFTE staff. We also analyzed holiday pay, employees' starting salaries, and sources of payroll funding during the scope of the audit. Additionally, we tested:

- All step progression salary increases and all retroactive pay rate adjustment payments.
- A random sample of employee timesheets.
- All overtime pay and compensatory time earned.
- All family medical leave and paid COVID-19 leave.
- All compensatory time payoffs.

Nonpayroll Expenditures

This part of the audit focused on nonpayroll expenditures other than training reimbursements. We designed our work to address the following questions:

- Were MBFTE's internal controls over nonpayroll expenditures adequate to ensure it obtained goods and services in compliance with applicable finance-related legal provisions and internal policies, accurately paid for goods and services actually received, and accurately reimbursed employees for legitimate business expenses?
- Did MBFTE obtain goods and services in compliance with applicable finance-related legal provisions and internal policies, accurately pay for goods and services actually received, and accurately reimburse employees for legitimate business expenses?

To gain an understanding of MBFTE's internal controls and compliance requirements for various types of nonpayroll expenditures, we interviewed MBFTE staff. We analyzed certain recurring expenditures to determine if they were reasonable or warranted additional examination. We also tested all contract expenditures and all employee expense reimbursements. Finally, we tested a random sample of purchases with state purchasing cards and fuel cards, as well as a random sample of all other expenditures.

Training and Other Reimbursements

This part of the audit focused on reimbursement payments made to fire departments, fire trainers, and fire service programs for firefighter training and education, and, when applicable, equipment and personnel. We designed our work to address the following questions:

- Were MBFTE's internal controls over training and other reimbursements adequate to ensure that it issued payments in compliance with applicable finance-related legal provisions and internal policies?
- Did MBFTE reimburse training and other costs in compliance with applicable finance-related legal provisions and internal policies?

To gain an understanding of MBFTE's internal controls and compliance requirements for training and other reimbursements, we interviewed MBFTE staff. Additionally, we:

- Tested all aid payments made for conferences and seminars to ensure they were for fire-related training.
- Analyzed the disbursements of all donations to ensure they were used by the correct region.¹²

¹² All donations MBFTE received were restricted by the donor for use by the fire departments located in the counties of Cass, Crow Wing, Morrison, Todd, and Wadena.

- Judgmentally examined reimbursements issued to four fire programs to determine if they were used appropriately.
- Tested a random sample of reimbursements made to training providers and fire departments, as well as a random sample of federal aid provided to fire departments, to determine if they were used for fire-related training.
- Tested a random sample of training instructors, and seven additional samples based on our analysis, to ensure instructors were qualified based on MBFTE requirements.

We conducted this performance audit in accordance with generally accepted government auditing standards.¹³ Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. When sampling was used, we used a sampling method that complies with generally accepted government auditing standards and that supports our findings and conclusions. That method does not, however, allow us to project the results we obtained to the populations from which the samples were selected.

We assessed internal controls against the most recent edition of the internal control standards, published by the U.S. Government Accountability Office.¹⁴ To identify legal compliance criteria for the activity we reviewed, we examined federal and state laws, state administrative rules and contracts, and policies and procedures established by the departments of Management and Budget and Administration, as well as policies and procedures established by DPS and MBFTE.

¹³ Comptroller General of the United States, Government Accountability Office, *Government Auditing Standards* (Washington, DC, July 2018).

¹⁴ Comptroller General of the United States, Government Accountability Office, *Standards for Internal Control in the Federal Government* (Washington, DC, September 2014). In September 2014, the State of Minnesota adopted these standards as its internal control framework for the executive branch.

Payroll Expenditures

As of December 2022, the Minnesota Board of Firefighter Training and Education (MBFTE) employed two staff and paid for the services of a third staff person in the Department of Public Safety's (DPS's) State Fire Marshal Division.¹⁵ During the scope of the audit, MBFTE had \$720,620 in payroll expenditures. All employees paid by MBFTE are covered by the state's employment contract with the Minnesota Association of Professional Employees (MAPE). Exhibit 2 shows the payroll expenditures by type.

Exhibit 2

Payroll Expenditures, July 1, 2020, through December 31, 2022

Type	Gross Pay	Employer Expenses ^a	Total
Hours Worked and Leave Taken	\$518,536	\$190,206	\$708,742
Overtime Pay	7,247	1,028	8,275
Retroactive Pay Rate Adjustments	2,262	743	3,005
Compensatory Time Payoffs	520	78	598
Total	\$528,565	\$192,055	\$720,620

^a"Employer Expenses" includes the employer shares of FICA, retirement, and insurance contributions.

Source: Office of the Legislative Auditor, based on data in the state's accounting system.

Employee Pay Rates

State employment contracts establish salary ranges for employee positions throughout state government. Under Minnesota rules, individual departments have the authority to set the starting salaries for new employees within the range for a position, up to certain limits.¹⁶ To exceed those limits, departments must obtain approval from Minnesota Management and Budget (MMB).

During the scope of the audit, MBFTE hired one employee with a starting salary that was within the salary range established in the MAPE contract.

Pay Rate Increases

Employees receive periodic pay rate increases based on provisions in applicable employment contracts. Under the employment contract with MAPE, all employees receive an annual general salary increase, and eligible employees also receive an annual

¹⁵ In addition to two full-time employees, MBFTE receives services from Fire Service Specialists (FSS) who work in DPS's State Fire Marshal Division (SFMD). SFMD has four FSS employees who serve as liaisons between SFMD, Minnesota fire departments, and MBFTE. MBFTE is responsible for paying the salary of one FSS employee, which is included in MBFTE's payroll expenditures.

¹⁶ *Minnesota Rules*, 3900.2100, <https://www.revisor.mn.gov/rules/3900.2100/>, accessed August 2023.

step progression salary increase.¹⁷ Employees are eligible for the step progression increase if they are not at the top of the salary range assigned to their job; an increase may be withheld by the appointing authority due to unsatisfactory job performance.

During the scope of the audit, the three employees covered by MAPE received a total of eight general salary increases, and one employee also received a total of two step progression salary increases. We tested all of the general salary increases and step progression salary increases and found no issues.

Pay rate increases are recorded in the state's payroll system with an effective date. If that effective date is within the current or a future pay period, the payroll system will calculate pay at the new rate starting on the effective date. If that effective date is in a prior pay period, a retroactive pay rate adjustment is paid to the employee. During the scope of the audit, MBFTE paid retroactive pay rate adjustments totaling \$3,005 to three employees. We tested all of the retroactive payments and found no significant issues.

Payroll Processing

MBFTE employees, like other state employees, are paid biweekly. MBFTE employees complete timesheets in the state's payroll system, and DPS fiscal and administrative services division staff review and approve them.¹⁸ During the scope of the audit, MBFTE employees completed 185 biweekly timesheets; we tested a random sample of 28 timesheets and 12 timesheets based on auditor judgement. We found no issues with the timesheets during testing.

Overtime Pay

The employment contracts for MBFTE employees include provisions that allow the employees to earn overtime. Overtime can be compensated in the form of money added to employee paychecks or compensatory time that can be used as paid time off in future pay periods. Under the employment contract with MAPE, exempt employees earn overtime at straight-time and nonexempt employees earn overtime at time and one-half.¹⁹ Additionally, state policy indicates that "no state employee may be compensated for overtime hours worked unless such overtime has been approved in

¹⁷ Minnesota Association of Professional Employees, *Unit 14: General Professional Labor Agreement Between the State of Minnesota and the Minnesota Association of Professional Employees*, July 1, 2019 - June 30, 2021; and July 1, 2021 - June 30, 2023, art. 24, secs. 3-5. The agreements provided for general salary increases of 2.5 percent effective July 1, 2020, July 1, 2021, and July 1, 2022.

¹⁸ Minnesota Management and Budget, Statewide Operating Policy and Procedure PAY0016, *Biweekly Time Reporting By Employees*, issued February 2011. For electronic timesheets, the policy states that employees and supervisors must "sign/approve the time report electronically."

¹⁹ "Straight-time" means an employee's regular hourly pay rate. "Time and one-half" means an employee's regular hourly pay rate times 1.5.

advance...,” and it goes on to say that agencies should “Retain the request for overtime for the current fiscal year and the three preceding fiscal years.”²⁰

In addition to the state’s overtime policy, DPS internal policy states that employees need authorization in advance to work overtime and this can be in the “form of a standard leave slip, email, or by entering a comment on the employee’s timesheet.”²¹

During the scope of the audit, MBFTE paid \$8,275 of overtime in money and \$1,905 of overtime as compensatory time to two employees. We tested all of the overtime compensation to those employees.

FINDING 1

The Minnesota Board of Firefighter Training and Education and the Department of Public Safety did not document or retain documentation of preapprovals of employee overtime hours.

MBFTE and DPS either did not document or did not retain any documentation of preapprovals for any overtime worked by employees, as required by state policy. Supervisors told us preapprovals for overtime were provided through verbal communication in meetings and phone calls, or in e-mails that were not retained. MBFTE did not have procedures to document or retain documentation of preapprovals for any overtime for its employees. Without documentation of preapprovals for the overtime, we could not determine whether the employees were eligible for the overtime.

RECOMMENDATIONS

- **The Minnesota Board of Firefighter Training and Education and the Department of Public Safety should comply with state policy and the Department of Public Safety’s policy to document and retain overtime preapprovals.**
 - **The Minnesota Board of Firefighter Training and Education and the Department of Public Safety should strengthen internal controls to ensure it documents and retains overtime documentation.**
-

²⁰ Minnesota Management and Budget, Statewide Operating Policy and Procedure PAY0012, *Requesting and Reporting Overtime*, issued September 2009.

²¹ Department of Public Safety, Office of Fiscal and Administrative Services, *Self Service Time Entry Procedure No. 303*, effective May 9, 2014.

Compensatory Time Payoffs

Under the employment contract with MAPE, unused compensatory time is paid in cash to employees annually, on a date determined by the agency.²² During the scope of the audit, MBFTE made one cash payment totaling \$598 to an employee for unused compensatory time. We tested the payment and found no issues.

Other Paid Leave

The MAPE contract incorporates the state's Family and Medical Leave Act (FMLA) policy, which provides job-protected leave to eligible employees for certain family and medical reasons. Employees are eligible if they meet eligibility criteria for FMLA leave, which generally means the employee has been employed by MBFTE for 12 months and has worked at least 1,250 hours during the year immediately preceding the leave.

During the scope of the audit, MBFTE paid \$962 in FMLA leave. We tested all of this leave and found no issues.

The MAPE contract also incorporated by reference the state policy for paid COVID-19 leave.²³ As noted in that policy, employees were required to complete a specific form for paid COVID-19 leave that included the reason for the leave and required management approval for the leave. The policy provided paid leave for various reasons related to COVID-19, with different limits for each reason, as follows:²⁴

- COVID-19 School Leave was leave needed to care for children whose school or childcare was closed due to COVID-19. Compensation for this leave was limited to two-thirds of the employee's regular rate of pay and capped at \$200 per day. Employees were allowed to use vacation leave for any differences between their normal salary and this COVID-19 leave compensation.
- COVID-19 Health Leave was leave needed because the employee was unable to work due to being ill with COVID-19 symptoms or being under quarantine. Compensation for this reason was capped at \$511 per day. Employees were allowed to use sick leave or vacation leave for any differences between their normal salary and this COVID-19 leave compensation.
- COVID-19 Care Leave was leave needed to care for an individual who depended on the employee to care for them and who was ill with COVID-19 symptoms or was under quarantine. Compensation for this reason was limited to two-thirds of the employee's regular rate of pay and capped at \$200 per day.

²² Minnesota Association of Professional Employees, *Unit 14: General Professional Labor Agreement Between the State of Minnesota and the Minnesota Association of Professional Employees*, July 1, 2021 - June 30, 2023, art. 27, sec. 1, part F.

²³ Minnesota Management and Budget, Human Resources/Labor Relations Policy #1440, *Paid COVID-19 Leave*, issued March 18, 2020, revised April 1, 2020, April 7, 2020, July 22, 2020, and September 18, 2020. The policy expired on December 31, 2020.

²⁴ *Ibid.*

Employees were allowed to use sick leave or vacation leave for any differences between their normal salary and this COVID-19 leave compensation.

During the scope of the audit, MBFTE paid COVID-19 leave totaling \$1,537. When an employee had an eligible leave event for COVID-19, they submitted documentation to DPS human resources staff demonstrating a qualifying event.²⁵ If eligible, human resources notified the employee, employee's supervisor, and the payroll administrator. We tested all of that leave.

FINDING 2

The Minnesota Board of Firefighter Training and Education and Department of Public Safety did not document employee eligibility for paid COVID-19 leave, as required by policy.

MBFTE and DPS did not complete the required documentation for any of the paid COVID-19 leave. MBFTE staff told us that a former DPS human resources employee was responsible for approving MBFTE employees' COVID-19 leave. However, there was no record of documentation approving the leave.²⁶ Without sufficient documentation, we could not assess whether the employees received paid COVID-19 leave for eligible reasons, whether the amounts paid complied with the limits stated in the policy, and whether the leave was properly approved by management.

RECOMMENDATIONS

- **The Minnesota Board of Firefighter Training and Education and Department of Public Safety should comply with state policies for all paid leave.**
 - **The Minnesota Board of Firefighter Training and Education and Department of Public Safety should strengthen internal controls over all types of paid leave to ensure they sufficiently document employee eligibility and management approval for paid leave.**
-

²⁵ Minnesota Management and Budget, Human Resources/Labor Relations Policy #1440, *Paid COVID-19 Leave*, issued March 18, 2020, revised April 1, 2020, April 7, 2020, July 22, 2020, and September 18, 2020. The policy expired on December 31, 2020.

²⁶ In addition to DPS human resources staff, we also asked DPS payroll staff, DPS State Fire Marshal Division employees, and MBFTE employees for documentation to support the leave, but there was no documentation on file.



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Nonpayroll Expenditures

During the scope of the audit, the Minnesota Board of Firefighter Training and Education (MBFTE) had \$486,552 in nonpayroll expenditures. Exhibit 3 shows the nonpayroll expenditures by type.

Exhibit 3

Nonpayroll Expenditures, July 1, 2020, through December 31, 2022

Type	Amount
Contracts	\$332,204
Employee Expense Reimbursements	1,444
Purchases with State Purchasing Cards	16,343
Purchases with State Fuel Cards	9,194
Other Goods and Services	103,353
Other Expenditures ^a	24,014
Total	\$486,552

^a“Other Expenditures” includes repayments and recurring expenditures, such as credit card fees. We analyzed these expenditures to determine if vendors, invoice descriptions, and amounts appeared reasonable, but we did not test them.

Source: Office of the Legislative Auditor, based on data in the state's accounting system.

Contracts

During the scope of the audit, MBFTE paid \$332,204 for 11 contracts. The majority of the contracts were for professional/technical services related to IT systems or training. We tested all of these contracts and found no significant issues.

Employee Expense Reimbursements

MBFTE reimburses employees for expenses incurred for legitimate state business. During the scope of the audit, MBFTE reimbursed employees for \$1,444 in business expenses submitted on 19 separate expense reports. We tested all of these expense reports and found no significant issues.

State Purchasing Cards

MBFTE utilizes state purchasing cards to pay for certain goods and services, the most common of which during the scope of the audit were travel costs for employees conducting state business. Policy guidelines for the use of state purchasing cards identify permissible and prohibited uses, maximum amounts for individual transactions (\$5,000) and total transactions (\$20,000) in a billing cycle, and recordkeeping

requirements.²⁷ In order to receive a purchasing card, state policy requires an employee to sign a statement acknowledging card use restrictions and that they received agency training on card use policies and procedures. Cardholders are required to sign a use agreement and receive refresher training on card use every three years.²⁸

During the scope of the audit, three MBFTE employees had state purchasing cards. A purchasing card coordinator in DPS's fiscal and administrative division oversaw and approved the purchases made by these three employees.

FINDING 3

The Department of Public Safety did not require the Minnesota Board of Firefighter Training and Education state purchasing cardholders to receive refresher training or sign use agreements every three years.

As of March 2023, one cardholder had a use agreement that expired in May 2017, and a second cardholder, who left MBFTE in June 2022, had a use agreement that expired in November 2018. The third cardholder created a new use agreement upon joining MBFTE in November 2022.

Department of Public Safety (DPS) fiscal and administrative staff acknowledged they were aware that the agreements needed to be updated but were unsure of the exact process. As a result, the fiscal and administrative staff did not require any of the MBFTE staff with expired use agreements to sign new agreements. State policy explains the purpose of the requirement stating, "Signing every three years validates the continued need for the purchasing card and allows for refresher training."²⁹

RECOMMENDATIONS

- **The Department of Public Safety should require all cardholders of state purchasing cards to receive refresher training and sign new use agreements, as required by state policy.**
 - **The Department of Public Safety should strengthen internal controls over state purchasing cards to ensure each cardholder receives refresher training and signs new use agreements every three years.**
-

During the scope of the audit, MBFTE used state purchasing cards for \$16,343 in expenses. MBFTE submitted monthly purchasing card log activity to the State Fire Marshal for review, who then submitted the logs to the DPS purchasing card coordinator for final review and payment. The State Fire Marshal and purchasing card coordinator

²⁷ Minnesota Department of Administration, Office of State Procurement, *Purchasing Card Use Policy 1b*, effective November 1, 2013.

²⁸ *Ibid.*, sec. 2.41, effective November 1, 2013.

²⁹ *Ibid.*

reviewed the purchasing card activity to ensure it followed DPS policy.³⁰ We tested all of the state purchasing card activity for a random sample of 7 of the 30 months in the scope of the audit.

FINDING 4

The Minnesota Board of Firefighter Training and Education and the Department of Public Safety did not always comply with state policy when using state purchasing cards.

MBFTE and DPS did not comply with certain purchasing-card program requirements, including:

- One employee that did not provide a receipt or affidavit for one purchase totaling \$150. State policy requires cardholders to complete an affidavit if the employee lost or is unable to locate a receipt.³¹
- One employee that collected hotel rewards from 21 different hotel stays. The cost of the hotel stays totaled \$4,524. According to a DPS policy, employees are not allowed to collect and use rewards, loyalty cards, or other incentives from merchants.³²
- One employee that purchased \$70 in fuel, which is not an allowable use of the state purchasing card. State policy contains a list of items, including fuel, that are prohibited from purchase.³³
- Failure to submit by DPS \$21 in sales and use tax to the Department of Revenue for two transactions where tax was not assessed by the vendor. State policy requires cardholders to include applicable taxes on their purchasing log.³⁴
- Failure to report by DPS one incident of fraudulent activity on a state purchasing card to the Office of the Legislative Auditor, as required by state statutes and state purchasing card policy.³⁵

The failure to detect these errors was the result of inadequate reviews of the purchasing card log by the supervisors and purchasing card coordinator, as well as outdated

³⁰ Minnesota Department of Administration, Office of State Procurement, *Purchasing Card Use Policy 1b*, Attachment B, effective November 1, 2013.

³¹ *Ibid.*, sec. 2.51, effective November 1, 2013.

³² *Ibid.*, sec. 2.45, effective November 1, 2013, gives state agencies the right to allow or disallow the collection and use of merchant rewards. If rewards are collected and used, the agency should have monitoring procedures in place. DPS adopted a policy to disallow the collection and use of rewards, loyalty cards, or other incentives from merchants. Our testing determined that MBFTE had not used any of the collected rewards.

³³ *Ibid.*

³⁴ *Ibid.*, sec. 2.48, effective November 1, 2013.

³⁵ *Minnesota Statutes 2023*, 609.456, subd. 2; and Minnesota Department of Administration, Office of State Procurement, *Purchasing Card Use Policy 1b*, sec. 2.53, effective November 1, 2013.

cardholder agreements that should have reminded employees of the policy requirements. Collectively, these errors demonstrate that stronger monitoring procedures and refresher training are necessary to ensure that MBFTE employees properly use state purchasing cards. Without stronger controls in place, there is a risk that erroneous or prohibited purchases will continue.

RECOMMENDATIONS

- **The Minnesota Board of Firefighter Training and Education and the Department of Public Safety should ensure they retain the required documentation to support purchasing card transactions.**
 - **The Minnesota Board of Firefighter Training and Education and the Department of Public Safety should ensure that employees' purchasing card transactions comply with applicable requirements of state statutes and policy.**
 - **The Minnesota Board of Firefighter Training and Education and the Department of Public Safety should promptly report all instances of unauthorized transactions to the Office of the Legislative Auditor.**
-

State Fuel Cards

MBFTE uses state fuel cards to pay for fuel and other automobile costs associated with attending regional fire service association meetings and conferences across the state. DPS adapted a policy from the Minnesota Department of Administration for the use of state fuel cards, which includes permissible and prohibited uses; maximum amounts for individual transactions (\$1,000) and daily transactions (\$2,000 in total for up to six transactions); and recordkeeping requirements.³⁶ Additionally, as part of the DPS policy, the agency has designated a fleet card administrator who determines whether transactions are appropriate state purchases, among other responsibilities.³⁷

During the scope of the audit, one MBFTE employee used a state fuel card for \$9,194 in expenses. We tested all of the state fuel card activity for a random sample of 9 of the 30 months in the scope of the audit, and found no significant compliance issues. However, our review identified a control weakness.

³⁶ Minnesota Department of Administration, Office of State Procurement, *Fleet Card Use Policy Guidelines 1a*, effective April 2017. As part of the policy, agencies shall comply with the guidelines by adopting the standard Fleet Card policy or submitting one of their own to the Minnesota Department of Administration. DPS submitted its own policy (Department of Public Safety, Office of Fiscal and Administrative Services, *DPS Policy 3543*, effective January 2009), which is what MBFTE follows.

³⁷ Department of Public Safety, Office of Fiscal and Administrative Services, *DPS Policy 3543*, effective January 2009.

FINDING 5

The Department of Public Safety did not have procedures in place to verify whether mileage reported on monthly travel logs was for a business purpose.

In our testing of the fuel card review process, MBFTE submitted monthly fuel card logs, along with receipts, to the fleet card administrator. However, the administrator did not review the purpose of the travel taken. Monthly, the fleet card administrator reviewed fuel receipts and the mileage log against the monthly fuel card invoice to be paid, but the fleet card administrator was not in a role to have direct knowledge of the employees' schedules. Furthermore, the fuel card log did not have space for employees to report the reason for travel. Finally, MBFTE staff told us they were never contacted by the fleet manager in regard to miles or places traveled. Although we did not identify any instances of mileage misuse, not having mechanisms in place to monitor driver activity provides an opportunity for accidental or intentional misuse.

RECOMMENDATION

The Department of Public Safety should implement procedures to verify the business purpose of purchases made on fuel cards.

Other Goods and Services

During the scope of the audit, MBFTE had 210 expenditures totaling \$103,353 for other types of goods and services. These included purchases made on state contracts, such as for office supplies, and other purchases made through purchasing orders, such as for employee training. The Minnesota Department of Administration's local purchase authority manual provides instructions to agencies about buying goods and services, including guidance on obtaining price quotes.³⁸ Exhibit 4 shows the number of quotes agencies are required to obtain, depending on the purchase price.

Exhibit 4

Number of Quotes Required for State Agencies, Based on Purchase Price

Purchase Price	Minimum Number of Required Quotes
\$5,000 or less	1
\$5,000.01 to \$10,000.00	2
\$10,000.01 to less than \$50,000.00	3
\$50,000.00 or more	Sealed responses from open bid process

Source: Office of the Legislative Auditor, analysis of Minnesota Department of Administration, *Authority for Local Purchase Manual*, revised October 1, 2022, sec. 2.5.

³⁸ Minnesota Department of Administration, *Authority for Local Purchase Manual*, revised October 1, 2022, sec. 2.5.

We tested a random sample of 34 of the 210 expenditures for other goods and services.

FINDING 6

The Minnesota Board of Firefighter Training and Education did not obtain the required number of price quotes for some of its training purchases.

We found that MBFTE did not obtain the required number of price quotes for 4 of 34 transactions tested. When we examined the four transactions in more detail, we found that all transactions related to a conference hosted by two vendors at two separate locations. For each vendor, we found costs to host the conference totaled \$10,755 and \$18,637, respectively. MBFTE did not obtain quotes for the conferences as required by state policy.³⁹

Based on our testing results above, we examined five other training-related transactions and, from those, identified one additional conference held in Fiscal Year 2021 for which MBFTE had expenditures exceeding \$5,000. This conference was also hosted by two vendors at two separate locations. After totaling costs by location, we confirmed that one location incurred \$7,562 and the second location incurred \$6,259. However, MBFTE did not obtain quotes as required by state policy.⁴⁰

MBFTE told us that these conferences were first held in 2014 at Camp Ripley through an interagency agreement with the Minnesota Department of Military Affairs. However, in 2018, when MBFTE started holding the conferences at nonstate venues, it did not transition to a competitive procurement process. When state entities bypass obtaining the proper number of quotes without approval, they undermine the competitive procurement process and risk obligating themselves to a purchase that may otherwise have been obtained through other means or at a lower price.

RECOMMENDATION

The Minnesota Board of Firefighter Training and Education should ensure it obtains the required number of price quotes for its purchases.

³⁹ Minnesota Department of Administration, *Authority for Local Purchase Manual*, revised October 1, 2022, sec. 2.5.

⁴⁰ *Ibid.*

Qualified Instructors

As part of its required duties, the Minnesota Board of Firefighter Training and Education (MBFTE) establishes qualifications for fire service training instructors, verifies that instructors complete continuing education, and maintains a list of those instructors.⁴¹ To become a qualified instructor, applicants must have certain certifications, education, or firefighter experience, in addition to maintaining continuing education and interactive training.⁴² Qualified instructors must renew their instructor eligibility every four years.⁴³

During the audit scope, MBFTE approved 436 applicants to be qualified instructors. We tested a random sample of 60 instructors, and 7 additional instructors were selected based on our analysis, and we found no significant issues.

⁴¹ *Minnesota Statutes* 2023, 299N.02, subds. 3(a)(3) and 3(a)(4).

⁴² Steve Flaherty, Executive Director, Minnesota Board of Firefighter Training and Education, memorandum to Minnesota Fire Service, Fire Instructors, Training Providers, and Training Academies, *MBFTE Qualified Instructor Program*, May 9, 2018.

⁴³ *Ibid.*



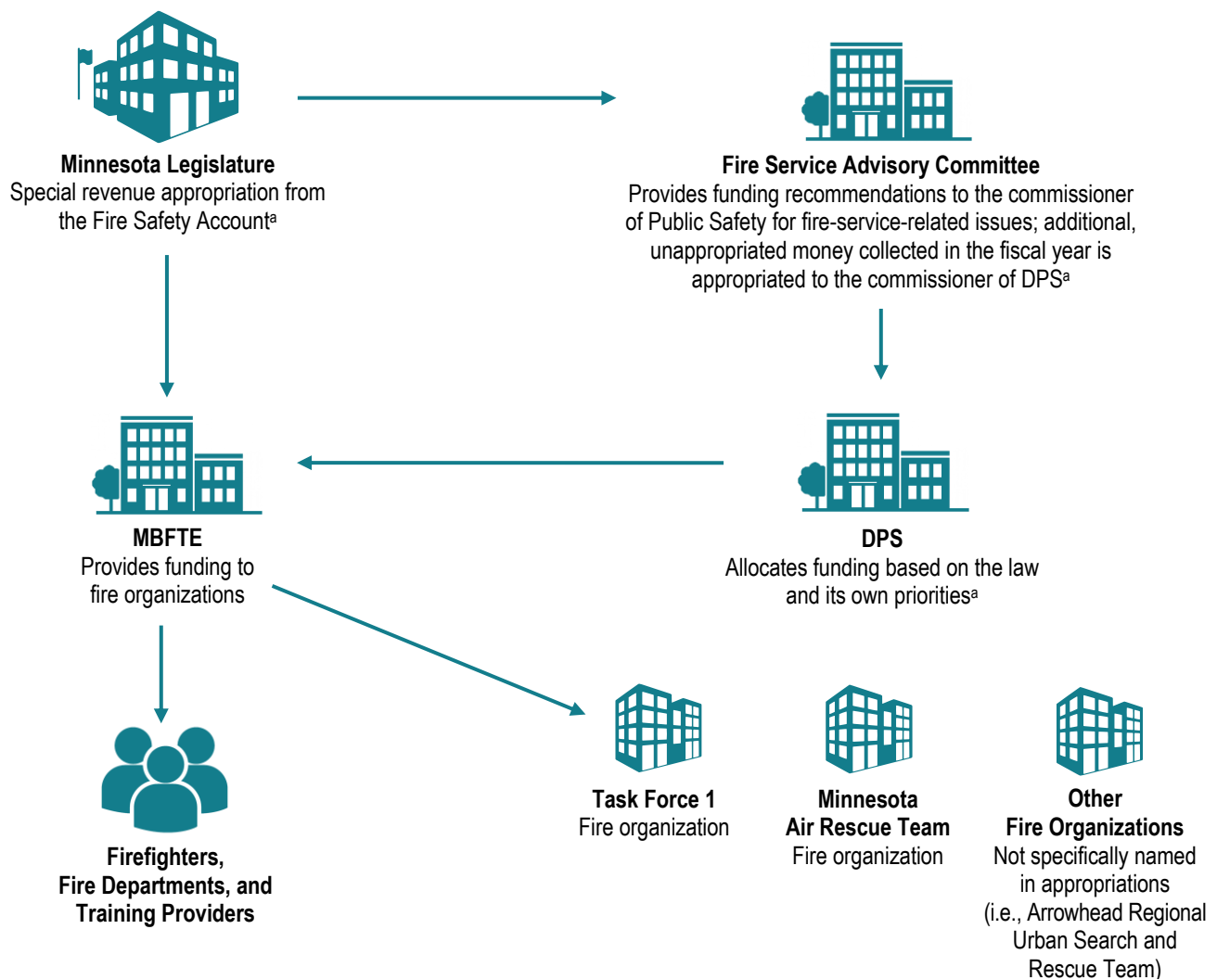
OLA

Training and Other Reimbursements

The Minnesota Board of Firefighter Training and Education (MBFTE) receives annual appropriations from the Legislature through the Fire Safety Account as well as funding from the Department of Public Safety (DPS), based on recommendations made by the Fire Service Advisory Committee. In addition, MBFTE receives smaller amounts of funding through donations and federal grants. Exhibit 5 breaks down the allocation of funding from the Fire Safety Account.

Exhibit 5

Fire Safety Account Funding Allocation to MBFTE and Other Organizations



^a Minnesota Statutes 2023, 299F.012.

These funds are used to reimburse fire organizations for related training, conferences, equipment, and other initiatives that promote fire education and training. During our audit period, MBFTE reimbursed \$17,419,936 to fire organizations. Exhibit 6 shows the reimbursements by recipient and purpose.

Exhibit 6

Reimbursements Issued through MBFTE, July 1, 2020, through December 31, 2022

Recipient	Authorized By	Approved Use of Funds	Amount
MBFTE	State law	Firefighter training, conferences, and seminars	\$11,847,482
MBFTE	State law	Training for rail and pipeline, fire apparatus, fire instructor, fire officer, and live burn	702,379
MBFTE	Gifts and donations	Training provided to Aitkin, Cass, Crow Wing, Morrison, and Todd counties	502,399
MBFTE	Grant agreements between MBFTE and DPS	Hazardous materials training	128,670
Task Force 1	FSAC, based on state law ^a	Equipment and training	2,781,218
Minnesota Air Rescue Team	FSAC, based on state law ^a	Equipment training	746,601
Minnesota Firefighter Initiative	FSAC, based on state law, and DPS-commissioner-approved allocation ^a	Training development and to host the annual national conference	458,921
Arrowhead Regional Urban Search and Rescue Team	FSAC, based on state law ^a	Increase total team members and equipment	252,266
Total			\$17,419,936

^a FSAC represents the Fire Service Advisory Committee established in *Minnesota Statutes* 2023, 299F.012.

Sources: Office of the Legislative Auditor, based on data in the state's accounting system; and reviews of *Laws of Minnesota* 2021, First Special Session, Chapter 11; *Laws of Minnesota* 2019, First Special Session, Chapter 5; grant agreements between DPS and MBFTE; and the DPS commissioner's recommendation letter to FSAC (St. Paul, August 11, 2020).

Conference and Seminar Reimbursements

Each year MBFTE awards funding for conferences and seminars to assist fire entities to provide training opportunities to Minnesota firefighters. MBFTE staff evaluate applications submitted by interested organizations and award up to \$5,000 per applicant.⁴⁴ MBFTE issues reimbursements to applicants if they successfully provide documentation to substantiate the approved training.

During the period of the audit, MBFTE issued 16 awards, totaling \$48,645, to provide or host fire-service-related training. We tested all of these awards and found no significant issues.

Reimbursements to Fire Departments and Training Providers

Annually, a portion of the MBFTE Fire Safety Account appropriation is allocated to each fire department in Minnesota.⁴⁵ There are 772 fire departments in Minnesota, and, in fiscal years 2021, 2022, and 2023, fire departments received \$200, \$140, and \$300 per firefighter, respectively.⁴⁶ MBFTE calculates the allocation based on the number of employees at each fire department. If a fire department does not use its allocated portion at the end of the fiscal year, MBFTE allows other fire departments to request additional funds.

The funding can be used for training various types of firefighter skills, including, but not limited to, basic firefighting qualifications, wildland firefighting, animal rescue, and traffic control. State law permits MBFTE to reimburse these training costs directly to fire departments or vendors that provide training to fire departments.⁴⁷ Fire departments submit requests for reimbursement with invoices and other supporting documentation (see the reimbursement template in Exhibit 7), which MBFTE reviews to ensure the training was allowed based on MBFTE's reimbursement list and taught by a qualified, approved instructor.⁴⁸

⁴⁴ Steve Flaherty, Executive Director, Minnesota Board of Firefighter Training and Education, letter to Minnesota fire organizations, *Conferences, Seminars, Workshops, Symposiums, Speakers Reimbursement Grant*, Summer 2020 and 2021. Letters requesting applications were issued each May or June for the next fiscal year.

⁴⁵ The amount is approved as part of MBFTE's annual budget and depends on how much MBFTE is appropriated each year. In fiscal years 2021, 2022, and 2023, the allocations were \$4,007,400, \$2,782,780, and 5,977,500, respectively.

⁴⁶ Between fiscal years 2021 and 2023, the average number of firefighters in the state was 19,946.

⁴⁷ *Minnesota Statutes* 2023, 299N.02, subd. 3.

⁴⁸ Minnesota Board of Firefighter Training and Education, <https://www.mbfte.org/ReimbursementForm.aspx>, accessed January 25, 2024. See also *Minnesota Statutes* 2023, 299N.02, subd. 3; and Exhibit 7 of this report.

Exhibit 7

MBFTE Reimbursement Form

Minnesota Board of Firefighter Training and Education	
Form Type:	Department Award Reimbursement Form

Fiscal Year: 2024 Name: _____ Title: _____ Fire Department: Select from list (Click Dropdown --->) Provider: Select from list if payment to provider is desired (Click Instructor: Choose One: Select Qualified Instructor (Click Dropdown --->) StreetAddress: _____ City, State Zip: _____ MBFTE Award: _____ Sourcewell Award: _____ Request Amount: 0.00	Ways to submit: 1. FAX 651-215-0525 2. Email to: fire-training.board@state.mn.us 3. Department Login - Reimbursement Upload 4. US Postal Service Selection REQUIRED for Reimbursement
---	--

I certify that the items for which this reimbursement request is made in the amount of @amount has been paid for by the municipality on behalf of the @departmentname Fire Department. There were no federal grant or other grant dollars used to pay for the training in which we are seeking reimbursement from the Minnesota Board of Firefighting Training and Education.

Remember to include:

- Copies of invoices
- Documentation of usual and customary backfill and overtime expenses affiliated with the training
- Please verify your Federal Tax ID number (if it is wrong, cross it off and provide the correct number)

This Request for Reimbursement Form(s) and copies of all invoice(s) must be submitted to the MBFTE by July 8, 2024.

Note: MBFTE encourages fire departments to submit their requests for reimbursements throughout the State's fiscal year 2024 (July 1, 2023 - June 30, 2024).

Federal Tax ID:	_____
State Vendor Number:	_____
Signature of Municipality Finance Director/Clerk/Treasurer:	_____
Title:	_____
Date:	_____
Contact Phone:	_____
Send Request To:	MBFTE, 445 Minnesota Street, Suite 146, Saint Paul, MN 55101
Email Request To:	fire-training.board@state.mn.us
Online Request:	www.mbfte.org
Fax Request To:	1-651-215-0525

To be completed by MN Board of Firefighter Training and Education (MBFTE):	_____
MBFTE Executive Director's Signature:	_____
Award Amount Paid:	_____
Date Paid:	_____
Purchase Order Number:	_____
Invoice Number:	_____

You can save this form as PDF by clicking on the print button and changing the printer (IE) or destination(Chrome) to PDF

Source: Minnesota Board of Firefighter Training and Education, <https://www.mbfte.org/ReimbursementForm.aspx>, accessed January 25, 2024.

During the audit period, MBFTE provided 5,435 reimbursements to fire departments and training providers totaling \$11,944,694 for various types of training. We tested a random sample of 120 of those reimbursements.

FINDING 7

The Minnesota Board of Firefighter Training and Education approved reimbursements for training without documentation demonstrating that qualified instructors provided the training.

MBFTE approved 17 fire department reimbursements totaling \$28,616 and 4 training provider reimbursements totaling \$2,870 for training that did not properly identify the instructors and document that they were qualified. MBFTE explained to us that when fire departments submitted reimbursements without a listed instructor, MBFTE either knew or assumed who the instructor was based on invoices submitted. However, when we reviewed the submitted documentation, the instructor was not apparent. Without a listed instructor, there is a risk the instructor is not qualified to provide training.

RECOMMENDATIONS

- **The Minnesota Board of Firefighter Training and Education should only approve training reimbursements when there is documentation demonstrating that qualified instructors provided the training.**
 - **The Minnesota Board of Firefighter Training and Education should strengthen internal controls over training reimbursements to ensure sufficient documentation of qualified instructors is provided.**
-

Hazardous Materials Emergency Preparedness Aid

Hazardous Materials Emergency Preparedness (HMEP) is a federal program that grants money to states for training and response planning related to hazardous materials. DPS receives Minnesota's HMEP funding, and MBFTE is allocated a portion to provide funding to fire departments for related training. DPS's Fire Marshall Division selects the grant recipients based on its review of the grant applications, and MBFTE is responsible for providing oversight of grant recipient activity.

Federal law allows the grantor, in this case MBFTE, to assess and document the grant recipient's ability to comply with grant requirements based on factors such as the recipient's prior experience with similar awards or whether the recipient has new personnel or new systems in place.⁴⁹ An assessment of high risk would require MBFTE to monitor the grant recipient throughout the grant period. An assessment of low risk may reduce or eliminate MBFTE's need to monitor the grant recipient. Monitoring includes such things as site visits and financial reconciliations.⁵⁰ Whether the grant recipient is assessed at a low or high risk, MBFTE is still required to review and approve each reimbursement request received by a grant recipient. MBFTE reviews the documentation that is provided by the grant recipient to verify it includes a roster of

⁴⁹ 2 *CFR*, sec. 200.332(b), accessed February 14, 2024.

⁵⁰ 2 *CFR*, sec. 200.332(d) and (e), accessed February 14, 2024.

attendees, paid invoices, a course syllabus, and proof of a matching payment.⁵¹ Documentation also needs to indicate the location of the training and the name of the instructor.⁵²

During the course of the audit period, 38 different fire departments or training providers received federal HMEP funds, which included 47 federal reimbursements totaling \$128,670. We tested a random sample of nine of those reimbursements.

FINDING 8

The Minnesota Board of Firefighter Training and Education did not conduct required monitoring over the use of federal money.

For all grant recipients, MBFTE requires recipients to submit documentation along with their reimbursement request to support the use of federal money. However, for the nine reimbursements we tested, none included all of the required documentation. MBFTE approved reimbursements that were missing attendance rosters, the location of the training, or proof that a matching payment was made. MBFTE told us that they processed reimbursement approvals without these items because the application was already completed and approved by DPS prior to the training. However, this does not comply with federal requirements or MBFTE's requirements in the application, which states that "failure to provide the required documentation may result in nonpayment."⁵³

Furthermore, MBFTE did not provide any other monitoring of the grant recipients. Because MBFTE did not evaluate each recipient's risk of noncompliance with the terms and conditions established in the application, MBFTE is required to provide oversight of the grant recipient in addition to the review and approval of reimbursement requests. MBFTE told us they did not provide additional oversight because DPS had already approved the applications.

If MBFTE does not obtain required documentation and does not provide any other monitoring of its grant recipients, it may risk paying for training that does not comply with federal requirements.

RECOMMENDATIONS

- **The Minnesota Board of Firefighter Training and Education should strengthen internal controls over federal training reimbursements to ensure appropriate monitoring is performed.**
 - **The Minnesota Board of Firefighter Training and Education should conduct required monitoring over federal awards.**
-

⁵¹ Department of Public Safety, State Fire Marshal Division, *Hazardous Materials Emergency Preparedness Grant*, August 2021 and January 2022.

⁵² *Ibid.*

⁵³ 2 *CFR*, sec. 200.332(d)(1), accessed February 14, 2024; and Department of Public Safety, State Emergency Response Teams, *Hazardous Materials Emergency Preparedness Grant Application*, August 2021 and January 2022.

Aid to Fire-Related Programs in the State

In addition to reimbursements provided to fire departments and training providers, MBFTE issues aid directly to Minnesota Air Rescue Team (MART), Task Force 1 (TF1), Minnesota Firefighter Initiative (MnFIRE), and Arrowhead Regional Urban Search and Rescue (USAR).⁵⁴ Funds for all four of these organizations come from the state's Fire Safety Account (FSA), either through appropriations from DPS in Minnesota laws or with remaining, unappropriated FSA funds recommended by the Fire Service Advisory Committee (FSAC). Between fiscal years 2021 and 2023, MART and TF1 received funding of \$825,204 and \$2,738,287, respectively; the Legislature directly named both organizations in appropriations language.⁵⁵ MnFIRE and USAR received \$458,921 and \$421,266, respectively, from the DPS commissioner, as recommended by FSAC.

DPS and MBFTE did not require an agreement between the state and these four entities, other than a memorandum of understanding (MOU) between DPS and TF1 to outline expectations for services provided from fiscal years 2022 and 2023 funding.⁵⁶

According to Minnesota statutes, FSAC's funding recommendations to these four organizations must support "fire-related regional response team programs and any other fire service programs that have the potential for statewide impact."⁵⁷

These statewide fire service organizations used the funding for a wide variety of items, including equipment, wages, and training. During the scope of the audit, MBFTE issued 74 payments totaling \$4,239,006 to these four organizations.

FINDING 9

The Minnesota Board of Firefighter Training and Education did not provide oversight of the aid it issued to Minnesota Firefighter Initiative, Minnesota Air Rescue Team, Arrowhead Regional Urban Search and Rescue, and Task Force 1.

Our review of funding requests sent to MBFTE showed the organizations submitted support, such as invoices, to varying degrees for training or equipment. MBFTE indicated their review verified that requested reimbursement amounts matched the

⁵⁴ MART, TF1, and USAR are response teams made up of emergency professionals from state and local public safety government units and are deployed throughout the state to assist with special rescue operations. MnFIRE is a nonprofit organization that seeks to reduce cardiac disease, emotional trauma, and cancer in the fire service community; see Office of the Legislative Auditor, Special Review, *Hometown Heroes Assistance Program* (St. Paul, 2023).

⁵⁵ *Minnesota Statutes* 2023, 297I.06 and 299.012; *Laws of Minnesota* 2019, First Special Session, chapter 5, art. 1, sec. 12, subd. 5; and *Laws of Minnesota* 2021, First Special Session, chapter 11, art. 1, sec. 14, subd. 5.

⁵⁶ *Laws of Minnesota* 2021, First Special Session, chapter 11, art. 1, sec. 14, subd. 5(b). According to the MOU, the funding was for planning, equipment, training, personnel, and exercise costs, but no criteria for reporting on the costs was outlined in the MOU.

⁵⁷ *Minnesota Statutes* 2023, 299F.012, subd. 2(a).

support provided. However, MBFTE did not withhold funds or ask for additional documentation to confirm the accuracy of the requests.

MBFTE told us they did not have the authority to question how the organizations used this funding since the recipients were either named in law or recommended by FSAC. In addition, there were few or no criteria for the use of these funds, and MBFTE did not have written agreements with the recipients to enable stronger oversight or accountability.⁵⁸ As a result, MBFTE did not deny reimbursements for these organizations. In cases where FSAC recommendation letters had specific criteria, MBFTE verified that the documentation aligned with the requirements, but in most cases, money allocated to these organizations was not for a specific use.⁵⁹

Without specific authority or guidance on oversight responsibilities, it will be difficult for MBFTE to provide oversight of these programs and ensure the funding is used as the Legislature desires.

RECOMMENDATIONS

- **The Minnesota Board of Firefighter Training and Education should seek guidance from the Legislature and the Department of Public Safety regarding what oversight it should provide of the aid issued to Minnesota Firefighter Initiative, Minnesota Air Rescue Team, Arrowhead Regional Urban Search and Rescue, and Task Force 1.**
 - **The Minnesota Board of Firefighter Training and Education should work with the Legislature and the Department of Public Safety to determine if they need additional authority to oversee the aid issued to Minnesota Firefighter Initiative, Minnesota Air Rescue Team, Arrowhead Regional Urban Search and Rescue, and Task Force 1.**
-

⁵⁸ TF1 had both a joint powers agreement (JPA) and a memorandum of understanding (MOU) in place, but neither provided required documentation to submit to DPS. The JPA was only between TF1 and the cities of Edina, Minneapolis, Rochester, and St. Paul, and Dakota County. The MOU between DPS and TF1 identified the State Fire Marshal as the authorized representative for DPS with no mention of MBFTE.

⁵⁹ Examples of unspecified money allocations can be found in *Laws of Minnesota* 2021, First Special Session, chapter 11, art. 1, sec. 14, subd. 5(b), which says “\$975,000 each year is for the Minnesota Task Force 1,” and in *Laws of Minnesota* 2021, First Special Session, chapter 11, art. 1, sec. 14, subd. 5(c), which says “\$317,000 each year is for the Minnesota Air Rescue Team.”

Receipts

During the audit period, the Minnesota Board of Firefighter Training and Education (MBFTE) collected \$711,912 in receipts. Exhibit 8 shows the receipts by type.

Exhibit 8

Receipts, July 1, 2020, through December 31, 2022

Type	Amount
Donations	\$525,000
Firefighter License Fees	71,900
Other Receipts ^a	<u>115,012</u>
Total	\$711,912

^a "Other Receipts" consists of reimbursements from DPS divisions to cover training costs (\$112,984) for federal training (State Fire Marshal Division) and payroll costs (\$2,028) to help manage the Hometown Heroes Assistance Program (Office of Justice Programs Division).

Source: Office of the Legislative Auditor, based on data in the state's accounting system.

Donations

State law authorizes MBFTE to "apply for, receive, and accept grants, gifts, devises, and endowments" to further firefighter training and education.⁶⁰ Additionally, the law states that any entity may donate to MBFTE with certain terms and conditions, as long as it is consistent with MBFTE's mission to further training and education for firefighters.⁶¹

During the scope of the audit, MBFTE accepted three donations from the same donor, each for \$175,000, totaling \$525,000. MBFTE sent the donations to the Department of Public Safety (DPS) fiscal and administrative staff for deposit as part of the gift acceptance process.⁶² We examined all donations to verify that MBFTE followed state law and state policies related to gift acceptance and depositing receipts.⁶³

⁶⁰ *Minnesota Statutes* 2023, 299N.02, subd. 3(b)(3).

⁶¹ *Ibid.*

⁶² Minnesota Management and Budget, Statewide Operating Procedure 0602-12.1, *Gift Acceptance*, May 15, 2014.

⁶³ *Minnesota Statutes* 2023, 16A.275, subd. 1, requires agencies to deposit receipts totaling \$1,000 or more in the state treasury daily; Minnesota Management and Budget, Statewide Operating Policy 0602-12, *Gift Acceptance*, May 15, 2014; and Minnesota Management and Budget, Statewide Operating Policy 0602-1, *Recording and Depositing Receipts*, issued July 2011, revised November 2022.

FINDING 10**The Minnesota Board of Firefighter Training and Education and the Department of Public Safety did not deposit donations timely.**

MBFTE did not ensure donations over \$1,000 were deposited within one business day for the three donations in our audit period. DPS delayed these deposits by 2, 3, and 26 days. For the deposits delayed by 3 and 26 days, we reviewed internal employee correspondence that indicated the checks were left on an employee's desk. For the deposit delayed by two days, the internal communication we examined stated it was in a locked office. Employees we interviewed stated the checks came directly to MBFTE's office and then were forwarded to DPS fiscal and administrative staff, causing additional delay for the deposit. The longer a deposit is delayed, the more likely receipts could be lost or stolen.

RECOMMENDATIONS

- **The Minnesota Board of Firefighter Training and Education and the Department of Public Safety should deposit donations in accordance with state law.**
 - **The Minnesota Board of Firefighter Training and Education and the Department of Public Safety should strengthen internal controls to ensure deposits are made timely.**
-

Firefighter License Fees

MBFTE collects \$75 for the initial application or renewal of a firefighter license; a license is effective for a three-year period.⁶⁴ MBFTE retains these collected fees as restricted receipts to pay for costs incurred by MBFTE.⁶⁵

Firefighters or fire departments may pay the fees electronically through MBFTE's website or by mailing a check to MBFTE's office. During the scope of the audit, MBFTE collected \$55,925 in fees electronically and \$15,975 via check. MBFTE collected these fees from 230 electronic deposits and 18 check deposits, respectively. We analyzed and tested a sample of 56 firefighter fees collected electronically to determine the accuracy of the amounts and whether they were properly recorded in both the licensing system and the state's accounting system. Additionally, we tested all of the check deposit transactions to determine whether MBFTE properly safeguarded and deposited the receipts.

⁶⁴ *Minnesota Statutes* 2023, 299N.05, subd. 5.

⁶⁵ *Ibid.*, subd. 9.

According to state policy, an employee who is not involved in the receipt and entry process should review and approve the daily deposits.⁶⁶ Furthermore, an employee who is not involved in the handling, depositing, and recording of receipts should reconcile the deposits to the state's accounting system at least monthly to ensure completeness and accuracy.⁶⁷ We found no compliance issues, but identified one control weakness.

FINDING 11

The Minnesota Board of Firefighter Training and Education did not separate duties for its firefighter license receipts process and did not have necessary compensating controls.

MBFTE did not separate the handling, depositing, or recording of its check deposits during our audit period. We observed that one employee performed all of these duties. MBFTE told us they did not think it was appropriate that the only other MBFTE employee review the receipt activity, since they already managed the payment activity. Additionally, MBFTE told us that DPS fiscal and administrative staff were not involved because MBFTE believed it was not DPS's responsibility to assist the MBFTE process. When separation is not possible, mitigating controls must be in place to reduce the risk, such as performing random or independent reviews of transactions.⁶⁸ However, MBFTE did not implement any mitigating controls.

There is a greater risk that receipts could be mishandled or misappropriated when the same employee collects, deposits, and records the receipts.

RECOMMENDATION

The Minnesota Board of Firefighter Training and Education should comply with state policy to adequately separate duties involved in collecting and depositing receipts.

When firefighters apply for a license, they must be affiliated with a fire department, complete MBFTE's application process, complete the required examination, and receive attestation from their chief firefighting officer.⁶⁹ We tested a random sample of 60 firefighter applicants along with 5 judgmentally selected samples to verify they satisfied the eligibility requirements. We found no issues.

⁶⁶ Minnesota Management and Budget, Statewide Operating Policy 0602-1, *Recording and Depositing Receipts*, issued July 2011, revised November 2022.

⁶⁷ *Ibid.*

⁶⁸ *Ibid.*

⁶⁹ *Minnesota Statutes* 2023, 299N.05.



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March 25, 2024

Judy Randall

1st Floor South, Centennial Office Building

St. Paul, MN 55155

Dear Judy Randall,

Thank you for the opportunity to review and respond to the Office of Legislative Auditor's (OLA) audit of the Minnesota Board of Firefighter Training and Education (MBFTE) program. The Department of Public Safety (DPS) and MBFTE are committed to finding and implementing opportunities for improvement in those areas identified by the OLA of the oversight and management of issues raised in the audit report.

DPS concurs with your review that DPS did not have adequate internal controls and provide sufficient oversight of the MBFTE program to ensure MBFTE's compliance with applicable state policies and procedures related to payroll, purchasing cards (PCard), fuel cards, purchasing, employee business expenses and gift acceptance deposit of funds.

DPS will strengthen its internal controls to ensure compliance with applicable state policies and procedures and DPS will work with MBFTE to ensure that MBFTE will have the appropriate oversight of their programs, as identified in the report.

- DPS will strengthen internal controls to ensure compliance with state policy and DPS policy for documenting preapproval of employee overtime request and the retention of the overtime documentation.
- DPS will strengthen internal controls to ensure compliance with state policy and DPS policy of all paid leave to sufficiently document the employee eligibility and management approval for paid leave.
- DPS has created a new electronic version of its DPS Purchasing Card Training course in recent months, which is available in the DPS Electronic Learning Management (ELM) system:
 - DPS implemented the ELM DPS Purchasing Card Training for employees that are requesting to be new PCard users, and DPS intends to provide this or a similar training to existing PCard holders as part of their three-year refresher training.
 - DPS will have all PCard users that have successfully completed the DPS Purchasing Card Training sign a new user agreement.
 - DPS will verify that each PCard holder has completed the ELM training, sign a user agreement, and complete the refresher training every three years as required.

- DPS will notify the OLA as required by state statute of any incident of fraudulent activity on a state purchasing card.
- DPS will strengthen internal controls to make any necessary change to DPS policies and procedures to verify that purchases using a state fuel card is for the use of a state vehicle and travel conducted for business purposes.
- DPS will work with MBFTE to provide guidance on federal requirements for grant recipient monitoring to ensure compliance with federal regulations over grant recipient activities.
- DPS will work with MBFTE to provide guidance regarding MBFTE's authority and oversight of aid provided to the four fire service organizations identified in the audit.
 - DPS has executed a memorandum of understanding (MOU) between the DPS State Fire Marshal (SFM) division and Task Force 1 which outline expectations for services provided to support "fire-related regional response team programs and any other fire service programs that have the potential for statewide impact". Task Force 2 is a new entity and the DPS SFM division will be working to create a MOU with them to outline expectations for services at a future date.
 - The DPS Minnesota State Patrol (MSP) division has executed a Joint Powers Agreement with the City of Saint Paul Fire Department for the Minnesota Air Rescue Team (MART) services.
 - DPS will create a MOU between the SFM and the MBFTE authorizing DPS (SFM) to expend the funds allocated by the legislature on behalf of the MBFTE for the three state teams programs identified (Task Force 1, Task Force 2, and MART). The MBFTE has no operational oversight or authority of these programs; this is a DPS function. The financial appropriation, however, was mistakenly made to the MBFTE. DPS will work in the next budget session to move these funds under the DPS to align with operational oversight and authority.
- DPS will strengthen internal controls to ensure that MBFTE deposits are made timely and in accordance with state law and DPS policies and procedures.
- Recognizing that the MBFTE is an independent Board, DPS will work with the MBFTE to solidify the relationship between DPS and the MBFTE, including the expectation of DPS employees to provide services and support the MBFTE, and its programs and services. DPS will implement compensating controls to ensure that adequate separation of duties are in place for the handling, depositing, or recording of check deposits in order to strengthen internal controls.

DPS and MBFTE remain committed to working together to meet the needs and expectations of our public safety partners and all Minnesotans.

Sincerely,



Bob Jacobson,
Public Safety Commissioner



Natascha Huspek,
MBFTE Board Chair

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