

United States Department of the Interior

OFFICE OF INSPECTOR GENERAL

Central Region


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August 4, 2006

Memorandum

To: Assistant Secretary for Policy, Management and Budget
(Attention: Associate Director for Finance, Policy, and Operations)

From: Jack Rouch 
Regional Audit Manager

Subject: Verification Review of Four Recommendations Considered Implemented
From Our Audit "Department of the Interior: Concessions Management"
C-VS-MOA-0005-2006

The Office of Inspector General has completed a verification review of four recommendations presented in the subject audit report. The objective of the review was to determine whether the recommendations were implemented as reported by the Department of the Interior (Department).

Background

Our June 2005 audit report, "Department of the Interior: Concessions Management" (No. C-IN-MOA-0049-2004) made nine recommendations designed to assist the Department in maximizing the effectiveness of the concessions program.

In its November 23, 2005 response to the final report, the Department reported that it had implemented Recommendations 1, 2, and 9. Subsequently, on April 24, 2006, the Department reported that it had also implemented Recommendation 3.

Scope and Methodology

We requested and reviewed documentation to support the actions taken to implement these four recommendations. We also interviewed Office of Acquisition and Policy Management (PAM) officials to obtain clarification regarding implementation of Recommendations 3 and 9. We did not perform site visits nor determine whether the underlying deficiencies that were initially identified have actually been corrected.

This review was not conducted in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States.

Results of Review

We determined that Recommendations 1, 2, 3, and 9 were implemented, as reported.

Recommendation 1: *Establish a Departmental official with oversight responsibilities for the concessions program.*

In its March 18, 2005 response to the draft report, the Department proposed an alternative action for Recommendation 1. The Department proposed to establish a working group to enhance Departmental coordination. We agreed that the working group would enhance Departmental coordination, but we commented that the Department did not provide for a responsible official with the authority to ensure coordination among the bureaus and implementation of any recommendations for program improvements.

The Department provided the title of the official responsible for implementation of this recommendation in its November 23, 2005 response to the final report. The Director, PAM, sponsors the inter-bureau Concessions Management Working Group (CMWG). The Director and representatives from the Department and the bureaus signed the CMWG charter, substantiating the establishment of the Departmental working group. In accordance with the recommendation, the working group was established to enhance coordination between bureaus and make recommendations to improve concessions programs within the bureaus. We concluded that the Department has implemented Recommendation 1, as reported.

Recommendation 2: *Establish a Departmental working group to standardize policies and improve business practices.*

The CMWG's purpose, as described in the charter, is consistent with the recommendation that the group work toward standardizing policies and improving business practices. Based on a review of the meeting minutes provided, we concluded that representatives from each of the bureaus with concession management duties (Bureau of Land Management, Bureau of Reclamation, Fish and Wildlife Service, and National Park Service), along with representatives from the Solicitor's Office and PAM, have participated in working group meetings and coordinated to standardize policies and improve business practices. For example, the group is developing an over-arching concessions management policy to be included in the Departmental manual. The concessions management policy will incorporate guidance from the bureaus' policies and instructions. We concluded that the Department has implemented Recommendation 2, as reported.

Recommendation 3: *Take steps to improve overall program performance. For example:*

- *Create a formal structure for providing technical assistance and sharing knowledge.*
- *Establish a Departmental level team for processing and monitoring high-dollar agreements.*

In establishing the CMWG, the Department has taken steps toward improving overall program performance. In accordance with the recommendation, the CMWG functions as a formal structure for providing technical assistance and sharing knowledge. We found that the CMWG has worked to identify best practices that are applicable to all of the bureaus with concessions management responsibilities. For example, a National Park Service (NPS) representative performed a demonstration of NPS' Concession Management Database System for CMWG participants, and the group discussed developing a process for other bureaus to use this database for their concessions programs.

A PAM official told us that the CMWG does not plan to process and monitor high dollar agreements, as suggested by the recommendation. However, the CMWG does plan to review certain high-dollar agreements in order to identify best practices that can be applied to all of the bureaus with concessions management responsibilities. Although the Department has not met the original intent of our recommendation to process and monitor high-dollar agreements, the review process proposed by the Department should identify best practices for bureaus to use to improve the overall performance of the concessions program.

We concluded that by establishing the CMWG the Department has taken steps to improve overall program performance, and we consider Recommendation 3 to be implemented, as reported.

Recommendation 9: *Consider adding a key performance measure tracking the reduction of the backlog of concession agreements operating under extensions as part of the strategy to achieve this goal.*

In its response to the draft report, the Department assigned the responsibility for implementing Recommendation 9 to the bureaus. In its response to the final report, the Department stated that this recommendation was resolved and implemented because NPS, the only bureau with a backlog, had incorporated a performance measure in key managers' job performance plans to track the reduction of the backlog.

The Department provided performance plans for the NPS Deputy Director of Operations and the NPS Concessions Program Manager. Both performance plans include performance elements that require the reduction of NPS' backlog of concessions agreements. For the Deputy Director, the backlog reduction is a mandatory

requirement. For the Concession Manager, the reduction of the backlog is included as a critical element that must be achieved in order to be successful.

We concluded that the Department has implemented Recommendation 9, as reported.

Conclusion

We consider Recommendations 1, 2, 3, and 9 to be implemented, as reported. No additional action is required. We informed the Department of the results of this review on June 13, 2006.

Responding to the Report

Because we consider Recommendations 1, 2, 3, and 9 to be implemented, a response is not required.

If you have any questions about this report, please call me at (303) 236-9243.