



United States Department of the Interior

Office of Inspector General

Central Region Audits
134 Union Boulevard, Suite 510
Lakewood, Colorado 80228

Report No. C-VS-BOR-0002-2007

March 30, 2007

Memorandum

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

From: Jack Rouch *Louis M. Nelson*
for Regional Audit Manager

Subject: Verification Review of the Three Recommendations from Our Audit Report,
"Identification of Unneeded Acquired Lands, Bureau of Reclamation" (99-I-133).

We completed a verification review of the three closed recommendations from the subject audit report. The objective of this review was to determine whether the three recommendations were implemented as reported by the Bureau of Reclamation (BOR).

We determined that Recommendation 2 was implemented as reported, but that Recommendations 1 and 3 had not been implemented. Additionally, we found that BOR no longer concurred with Recommendation 3. We request that Office of Financial Management (PFM) reinstate Recommendation 1 as resolved, but not implemented and Recommendation 3 as unresolved. We also request that PFM take appropriate follow-up action. The results of the verification review are summarized in the Results of Review section. The status of the recommendations is summarized in the Appendix.

Background

Our December 1998 audit report "Identification of Unneeded Acquired Lands, Bureau of Reclamation" (No. 99-I-133) made three recommendations to correct deficiencies related to BOR's process of identifying and reporting unneeded acquired lands.

In a September 25, 1998 response to the draft report, BOR concurred with all three of the report's recommendations. BOR provided a target date of October 1, 1999 for

implementation of Recommendations 1 and 2 but did not provide a target date for implementation of Recommendation 3. Based on that response and subsequent information they provided, we considered Recommendations 1, 2, and 3 "resolved but not implemented." In December 1998, we referred all three Recommendations for tracking of implementation to the Office of Policy, Management and Budget (PMB) and in January 2002, we received a Memorandum from PFM stating that the three recommendations were implemented and closed.

Scope and Methodology

The scope of our review was limited to determining whether BOR implemented the recommendations as reported. To accomplish our objective, we reviewed the supporting documentation that BOR submitted to close the recommendations. We also interviewed and requested information from BOR personnel, including at least one land review from each region. We did not perform site visits or conduct detailed fieldwork to determine whether the underlying deficiencies identified in the original audit report have 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

Recommendation 1

Develop and issue clear policies and procedures to guide bureau officials in conducting land reviews and identifying unneeded real property.

In January 2002, BOR reported that it had published Reclamation Manual Land Disposal Directives and Standards (LND 08-02) in response to this recommendation. According to BOR, the directives and standards in the manual "prescribe the procedures, methods, and criteria for disposing" of unneeded acquired Reclamation lands. In addition, the bureau noted in its response that "a memorandum from the Commissioner to all Regional Directors, on May 17, 2000, established an action plan with procedures on conducting real property reviews to identify those lands no longer needed for Reclamation programs."

We reviewed LND 08-02 and the May 17, 2000 action plan and concluded they did not include the detailed specific procedures needed for conducting land reviews. LND 08-02 contained policies for land disposal, but did not provide the procedures necessary for conducting land reviews. The action plan included general administrative requirements for identifying unneeded land, but did not include detailed procedures necessary for BOR field personnel to conduct land reviews. Rather than developing detailed bureau-wide procedures, the action plan directed each regional office to "employ a process that is sufficient to identify all lands that are no longer needed." We contacted personnel in each of BOR's five regional offices and found that none had developed documented procedures

for conducting land reviews. In our opinion, adequate procedures would include documented detailed guidance with specific steps field personnel should follow. For example, federal regulations regarding real property disposal (41 CFR 102-75) suggest that executive agencies consider the guidelines provided in GSA's Customer Guide to Real Property Disposal for identifying unneeded real property. These guidelines, which could be used by BOR to develop land review procedures, suggest that information such as the following should be included in land reviews:

- information from facility tours including photographs
- maps
- specific acreage including size, property boundaries, and exact location
- acquisition date, cost, and history
- specific uses including occupancy, and capital improvements
- maintenance issues and costs
- plans for future need or use

We concluded that this recommendation has not been implemented because the bureau did not develop clear procedures for conducting land reviews to identify unneeded land.

Recommendation 2

Establish a bureau-wide plan of action to ensure that regular reviews of real property are conducted based on the guidance developed under Recommendation 1.

The BOR Commissioner issued an action plan on May 17, 2000 for conducting reviews of real property to identify unneeded land. We reviewed the action plan and determined it met the intent of the recommendation. We consider this recommendation to be resolved and implemented.

Recommendation 3

In implementing Recommendations 1 and 2, notify the Congress of the bureau's intention to dispose of acquired lands in accordance with 41 CFR 101-47 that were initially purchased for authorized projects but presently are not needed for undeveloped or incomplete projects.

In its September, 1998 response to the draft report, BOR concurred with this recommendation. The recommendation was closed based on BOR's inclusion of paragraph 4B in LND 08-02 in the Reclamation Manual requiring the bureau to notify Congress of its intention to dispose of unneeded lands. However, BOR did not implement this requirement. Bureau officials stated they have not notified Congress because there is no statutory or regulatory requirement for such notification. Based on these facts, we concluded that BOR did not implement the recommendation as reported and that the recommendation should be considered unresolved because BOR no longer concurs.

We did not expand the scope of our verification review to evaluate BOR's assertion that no statutory or regulatory requirements exist for Congressional notification or to reevaluate whether the underlying deficiencies previously reported still exist and still warrant implementation of our original recommendation.

Conclusion

At the exit conference on March 23, 2007, we informed BOR and PFM officials that we considered Recommendation 2 implemented as reported, but that Recommendations 1 and 3 were not implemented. Additionally, we found that BOR no longer concurred with Recommendation 3. We request that PFM reinstate Recommendation 1 as resolved, but not implemented and Recommendation 3 as unresolved. We also request that PFM take appropriate follow-up action. For Recommendation 1, BOR should provide PFM with a plan for developing and implementing clear policies and procedures for conducting land reviews. This plan should include target dates and the names of responsible officials. For Recommendation 3, BOR should provide PFM with documentation supporting its non-concurrence to assist PFM in making a determination to either sustain or close this recommendation.

Responding to the Report

We request that PFM provide a written response to this report by April 30, 2007 indicating whether it reinstated Recommendations 1 and 3. If applicable, the response should provide PFM's reasons for not reinstating the recommendations. If you have any questions regarding this report, please call me at 303-236-9243.

cc: Audit Liaison Officer, Assistant Secretary for Water and Science
 Audit Liaison Officer, Department of the Interior
 Audit Liaison Officer, Bureau of Reclamation
 Focus Leader for Management Control and Audit Follow-up

Appendix

Status of Prior Audit Report Recommendations

<u>Recommendation</u>	<u>Status</u>	<u>Action Required</u>
Recommendation 1	Not Implemented	We are requesting that PFM reinstate the recommendation as resolved, but not implemented. BOR should provide PFM with a plan for developing and implementing clear policies and procedures for conducting land reviews. This plan should include target dates and the titles of officials responsible for implementation.
Recommendation 2	Implemented	No further action required.
Recommendation 3	Not Implemented	We are requesting that PFM reinstate the recommendation as unresolved. BOR should provide PFM with documentation supporting its non-concurrence to assist PFM in making a determination to either sustain or close this recommendation.