



U.S. Department of the Interior  
Office of Inspector General

# **SURVEY REPORT**

**RANGELANDS IMPROVEMENT PROGRAM,  
BUREAU OF LAND MANAGEMENT**

**REPORT NO. 99-I-677  
JULY 1999**



## United States Department of the Interior

OFFICE OF INSPECTOR GENERAL  
Washington, D.C. 20240

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**SURVEY REPORT**

## Memorandum

To: Director, Bureau of Land Management

From: Robert J. Williams *Robert J. Williams*  
Assistant Inspector General for Audits

Subject: Survey Report on the Rangelands Improvement Program, Bureau of Land Management (No. 99-I-677)

**INTRODUCTION**

This report presents the results of our survey of the Bureau of Land Management's rangelands improvement program. The objective of the survey was to determine whether the Bureau (1) spent rangelands improvement funds for their intended purposes, (2) reported the status of rangelands improvement projects accurately, and (3) performed scheduled inspections of rangelands improvement projects to ensure that the projects were maintained properly. This is the second of two reports we have issued concerning improvement of rangeland conditions (see Prior Audit Coverage section).

**BACKGROUND**

The Bureau is responsible for managing, protecting, and improving 260 million acres of public lands, including about 166 million acres of rangelands in the western states. The Bureau's Rangelands Management Program involves managing ecosystems to ensure their health, natural diversity, and long-term productivity. Program activities include administering livestock grazing permits, supporting wildlife habitats, serving wild horse and burro needs, promoting watershed health, and maintaining and improving the condition of rangelands to serve a variety of uses and values. The Bureau authorizes about 10 million animal unit months' of livestock use annually to about 19,000 operators. These operators graze about 3.7 million livestock (2 million cattle and 1.7 million sheep) on Bureau lands. By contrast, there are about 42,000 wild horses and burros on Bureau lands.

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<sup>1</sup>An animal unit month is the amount of forage needed to feed one cow, one horse, or five sheep for 1 month.

Three Federal statutes govern the administration of rangelands improvement. The Taylor Grazing Act of 1934 (43 U.S.C. 3 1.5) requires the Bureau to provide for the orderly use, improvement, and development of the range. The Federal Land Policy and Management Act of 1976 (43 U.S.C. 175 1) authorizes annual appropriations for the purpose of on-the-ground range rehabilitation, protection, and improvements on public lands and states that such rehabilitation, protection, and improvements “shall include all forms of range land betterment.” The Public Rangelands Improvement Act of 1978 requires the Bureau to manage, maintain, and improve the condition of the public rangelands so that they become “as productive as feasible.”

The Bureau’s rangelands improvement policy, as stated in the Bureau Manual Handbook H-1740-1, “Renewable Resource Improvement and Treatment Guidelines and Procedures,” encourages private parties and other beneficiaries to contribute funds toward improving rangeland conditions and makes project maintenance the responsibility of benefiting users.

The Bureau, in its budget justification for fiscal year 1998, stated that rangelands improvement would be directed toward improving the productivity of public rangeland ecosystems to benefit livestock, fish and wildlife habitat, riparian values, watershed protection, and other resource values. The Bureau’s budget justification for fiscal year 1998 for the rangelands improvement program provided for completing approximately 320 new projects and treating vegetation on approximately 45,000 acres. The budget for fiscal year 1998 for rangelands improvement was approximately \$12.1 million (\$9.1 million of fiscal year 1998 appropriations and \$3 million of carryover funds). Funds were obtained primarily from range permit revenues as prescribed in the Federal Land Policy and Management Act of 1976 and from carryover funds, which are previous year’s funding that has not been expended. Annual rangelands improvement appropriations remain available until expended,

Bureau field offices are responsible for tracking the types of rangelands improvement (for example, soil stabilization, such as seeding and weed control; water management, such as springs, wells, and pipelines; and facilities, such as cattleguards and fences) in individual databases maintained on personal computers at each of the offices. Because the Rangelands Improvement Project System is not integrated,<sup>3</sup> the Bureau’s field offices have to send copies of their databases to the Bureau’s National Applied Resource Science Center<sup>3</sup> in Denver, Colorado, in order for the data to be accumulated and the information to be published in the “Public Land Statistics.” In addition, the System is programmed to provide each field office with a list of scheduled cyclical maintenance inspections required for rangelands improvement projects in their respective areas.

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“Integrated” is defined as “a collection of distinct elements or components that have been built into one unit.” (Computer Desktop Encyclopedia, Version 9.4, 4th Quarter, 1996)

<sup>3</sup>The National Applied Resource Science Center, under the Bureau’s Assistant Director of Renewable Resources and Planning, is responsible for ecosystem science and technology transfer, information exchange, and consulting services

## SCOPE OF SURVEY

The survey was performed during April through September 1998 at the Bureau's field offices in Battle Mountain, Elko, and Winnemucca, Nevada, and at the Bureau's National Applied Resource Science Center in Denver. To accomplish the stated objective, we interviewed Bureau field office and Center personnel and the Bureau's Budget Officer in Washington, D.C. We also reviewed the field offices' project tiles and time and attendance records in support of rangelands improvement expenditures and the Center's procedures and controls related to reporting information on rangelands improvement. Our survey covered expenditures and program activities that occurred during fiscal years 1996, 1997, and 1998 (through May). Rangelands improvement expenditures were \$9.0 million for fiscal year 1996, \$7.8 million for fiscal year 1997, and \$3.9 million for fiscal year 1998 (through May). The fiscal year 1998 appropriation was \$9.1 million. For the three offices visited, expenditures for fiscal years 1996 and 1997 and 1998 (through May) were as shown in Table 1.

**Table 1. Rangeland Improvement Expenditures for Fiscal Years 1996, 1997, and 1998 (through May)**

<u>Field Office</u>	<u>Fiscal Year 1996</u>	<u>Fiscal Year 1997</u>	<u>Fiscal Year 1998</u>	<u>Totals</u>
Elko	\$257,495	\$374,245	\$164,450	\$796,190
Winnemucca	274,702	206,094	72,785	553,581
Battle Mountain	<u>105,924</u>	<u>289,886</u>	<u>55,775</u>	<u>451,585</u>
Totals	<u>\$638,121</u>	<u>\$870,225</u>	<u>\$293,010</u>	<u>\$1801,356</u>

Our survey was conducted in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures that were considered necessary under the circumstances. As part of our review, we assessed the Bureau's systems of internal controls applicable to the rangelands improvement program and found weaknesses related to the lack of identification of rangelands improvement project numbers on time and attendance and cost records. These weaknesses are addressed in the Results of Survey section of this report. Our recommendations, if implemented, should improve the internal controls in these areas.

We also reviewed the Departmental Reports on Accountability for fiscal years 1996 and 1997, which include information required by the Federal Managers' Financial Integrity Act of 1982, and the Bureau's annual assurance statement on management controls for fiscal year 1997 to determine whether any reported weaknesses were within the objective and scope of

our review. We found that a material weakness was reported by the Bureau relating to inadequate rangeland monitoring data. To resolve this weakness, the Bureau issued Instruction Memorandum No. 96- 172, "Implementing Standards of Rangeland Health and Guidelines for Grazing Management," dated August 30, 1996, and conducted a workshop on December 9-11, 1997, regarding the implementation of the new standards and guidelines.

## **PRIOR AUDIT COVERAGE**

The General Accounting Office has not issued any audit reports during the past 5 years on the Bureau's rangelands improvement program. However, in April 1993, the General Accounting Office issued the report "BLM's [Bureau of Land Management's] Range Improvement Project Data Base is Incomplete and Inaccurate" (No. GAO/RCED-93-92). The report stated that the Bureau's Rangelands Improvement Project System was incomplete and inaccurate. Specifically, the System did not contain (1) a comprehensive project inventory, (2) a complete and accurate accounting of project costs, or (3) a full description of project benefits. Furthermore, the Bureau did not develop guidance to ensure that all of the System data were consistently collected, and few individuals in the Bureau were accountable for the data in the System. The General Accounting Office recommended that the Secretary of the Interior instruct the Bureau Director to assess the need for the information that the System database is designed to provide. For information that the Bureau determines useful, the General Accounting Office recommended that the Director (1) issue Bureauwide guidance to ensure that the data are consistently collected and entered and (2) assign accountability for the accuracy and completeness of the data. Conversely, for information determined to be not useful, the General Accounting Office recommended that the Director ensure that these data are not entered into the System. During our current review, we found that the data in the System were still inaccurate and incomplete, as discussed in the Results of Survey section of this report.

The Office of Inspector General has issued one report during the past 5 years relating to the improvement of rangeland conditions. The report, "Resource Advisory Councils, Rangeland Management Program, Bureau of Land Management" (No. 98-I-646), issued in September 1998, stated that the Resource Advisory Councils worked effectively with the Bureau. Specifically, the Councils assisted in developing standards and guidelines for rangeland health, represented and reached consensus among diverse public interest groups, and advised the Bureau concerning land use decisions. The report on the Councils contained no recommendations.

## **RESULTS OF SURVEY**

The Bureau of Land Management's Battle Mountain, Elko, and Winnemucca Field Offices charged costs that were not adequately justified and/or were incorrectly charged to the rangelands improvement program and did not maintain a complete and accurate database of its rangelands improvement projects. The Federal Land Policy and Management Act and the Bureau Manual restrict the expenditure of rangelands improvement program funds to the direct costs of construction or implementation, inspection, and maintenance of rangelands

improvement projects. Additionally, Bureau procedures require that improvements and treatments on public rangelands be reported and documented through the Rangelands Improvement Project System to maintain an accurate inventory of rangelands improvement projects. The costs were not adequately justified because the Bureau charged expenditures based on budgeted amounts rather than on actual expenditures and did not record program costs by rangelands improvement project numbers. Also, the Bureau did not provide adequate guidance to its personnel on inputting data into the System and did not integrate the System. As a result, as much as \$328,700 charged to the rangelands improvement program **was** not used for program purposes. Also, the Bureau was unable to readily ascertain the operational status of its improvements, which therefore hindered its ability to manage, maintain, and improve the condition of the public rangelands.

## **Rangelands Improvement Expenditures**

The Battle Mountain, Elko, and Winnemucca Field Offices charged expenditures for personnel that were not adequately justified as program costs. In addition, vehicle usage and other costs were incorrectly charged to the rangelands improvement program. Specifically, at the three Nevada field offices visited, we found that, of the rangelands improvement program funds of about \$1,801,400 expended during fiscal years 1996, 1997, and 1998 (through May), rangelands improvement expenditures of about \$328,700 either were not adequately justified (\$194,500 for personnel) or were charged incorrectly (\$103,300 for vehicle and \$30,900 for other costs) as follows:

- Personnel costs of \$194,500, consisting of \$130,200 for employees working on other activities and \$64,300 for administrative employees, were not adequately justified to support that the employees' work was applicable to the rangelands improvement program. Regarding the \$130,200 charged for program-related employees, the Battle Mountain and Elko Field Offices expended rangelands improvement funds of about \$98,900 and \$31,300, respectively, for payroll costs for range aids, biologists, and equipment operators, even though activities such as facilities maintenance, fire rehabilitation, and land resources benefited from their services. For example, the Battle Mountain rangelands improvement program supervisor told us that of the 42 employees who charged personnel costs of about \$164,200 to rangelands improvement during fiscal years 1996 through 1998, only 6 employees should have charged about \$65,300 to the program; therefore, 36 personnel inappropriately charged about \$98,900 to the program. In addition, administrative personnel expenditures of about \$64,300 incurred during the audit period were charged to the rangelands improvement program without adequate justification as to how the program benefited. For example, at the Elko Field Office, administrative labor costs of \$11,000 for an assistant district manager for support services and \$15,300 for a warehouse worker were charged to the program. At the Winnemucca Field Office, administrative labor costs of \$9,700 for an operations chief were charged to the program. These three offices could not support that these charges benefited the rangelands improvement program.

- Costs of about \$103,300 for General Services Administration and Bureau automobiles and pickup trucks assigned to other programs were inappropriately charged to

the rangelands improvement program. We determined that costs of about \$59,100 at the Elko Office, \$30,400 at the Battle Mountain Office, and \$13,800 at the Winnemucca Office should have been charged to other programs.

- The remaining costs of \$30,900 consisted of the following: \$15,000 for a forklift for use in a warehouse, of which a portion may have been chargeable to the Program; \$12,100 for the repair and maintenance of vehicles, which should have been charged to the Bureau's Working Capital Fund; and \$500 for training and \$3,300 for repairs and maintenance, which are not allowable costs of the rangelands improvement program according to the Bureau Handbook.

Regarding range betterment funds, the Federal Land Policy and Management Act of 1976 (43 U.S.C. 175 1 (b)( 1)) states:

Moneys ... authorized to be appropriated and made available for use in the district, region, or national forest from which such moneys were derived, as the respective Secretary may direct after consultation with district, regional, or national forest user representatives, for the purpose of on-the-ground range rehabilitation, protection, and improvements on such lands, and the remaining one-half shall be used for on-the-ground range rehabilitation, protection, and improvements as the Secretary concerned directs.

The fund established by the Federal Land Policy and Management Act is called the "Range Betterment Fund," and the Bureau Handbook H-41 20, "Grazing Management," describes the purpose of these funds as follows:

Range betterment funds may be used for all forms of rangeland rehabilitation, protection, and improvement, including, but not limited to, seeding, reseedling, fence construction, weed control, water development, and fish and wildlife habitat enhancement. Range betterment funds may be used for installing, modifying, and removing improvements. This includes design, survey, materials, equipment, labor, and supervision of such projects. Use of range betterment funds for other actions or projects is not specifically precluded, but such use must be justified to arrest rangeland deterioration and/or improve forage conditions for wildlife, watershed protection, or livestock production. Range betterment funds must not be used for maintenance of improvements after year 1984.

Further, the Bureau Handbook H- 1740- 1 states:

Bureau employees are responsible for assuring that funds are used consistent with existing legislative and appropriation requirements. The Bureau's financial management system (FMS) is based on the benefiting activity concept, which requires that program costs be charged directly to the benefiting subactivity. ... Because of this concept, constraints on allowable

uses of certain funds exist, as prescribed by the relevant legislation, policy, or other guidance.

According to Handbook H- 1740-1, rangelands improvement funds cannot be used for land use planning, project planning, water right filings, easement and right-of-way acquisitions, contract preparation, maintenance, clerical personnel for general filing and typing, training, workshops, and general administrative expenses.

Except for expenses related to tire fighting and reimbursable programs, which were charged based on project numbers, we found that the Bureau charged costs to program funds based on budget estimates rather than on actual costs. The Bureau's procedures also did not require that rangelands improvement expenditures be identified to specific rangelands improvement projects. Specifically, the three field offices visited did not require rangelands improvement project numbers to be on time and attendance records or on financial records such as purchase orders. For example, the Bureau developed its personnel budget by assigning work months to individuals by activity. Then, in order to meet the Bureau's budget, individuals charged their time as allotted in the budget, even though the work they performed did not benefit the activities charged. Rangelands improvement project numbers were not indicated on time and attendance records or financial documents because, according to Bureau field personnel, the automated systems were not implemented to require and accept project numbers, although the systems were able to accommodate these data.

The Bureau's methodology of using budgeted work months by activity for funding personnel and other costs resulted in funds being used for other than intended purposes when the actual and planned work loads differed and appropriations that should have been charged were not available to fund the differences. Additionally, the Bureau's procedure to exclude project numbers from time and attendance records and cost coding data prevented the tracking of costs by rangelands improvement projects. Therefore, although the Bureau's records indicated that the Bureau had rangelands improvement expenditures of \$9.0 million for fiscal year 1996, \$7.8 million for fiscal year 1997, and \$3.9 million for fiscal year 1998 (through May), the Bureau did not provide us data to substantiate that rangelands improvement projects benefited from these expenditures.

## **Rangelands Improvement Project System**

The Rangelands Improvement Project System was designed to produce inventory data on rangelands improvement projects and on project maintenance schedules. However, we found that the three Bureau offices reviewed had not maintained a complete and accurate database of their rangelands improvement projects. This condition was also reported by the General Accounting Office in its April 1993 report (see Prior Audit Coverage). For example, at the three offices visited, we found the following:

- The Wirmemucca Field Office had completed 32 rangelands improvement projects during fiscal years 1996, 1997, and 1998 (through June 30), at a cost of \$692,100, and the Field Office had input the data into the System; however, the database at the National



Applied Resource Science Center, which is used to compile data for the "Public Land Statistics," showed only 4 projects, totaling \$113,200.

- We found the same number of rangelands improvement projects (18) in the System at the Elko Field Office for fiscal years 1996, 1997, and 1998 (through June 30) and at the Science Center; however, there were 5 projects on each database (total of 10 projects) that did not match. The Field Office reported total rangelands improvement costs of \$209,500 in the System, while the Science Center reported such costs at \$176,200, or \$33,300 less than the costs at the Field Office. Additionally, during the same time period that the Field Office reported \$209,500 for rangelands improvements in the System, the Bureau's accounting system reported \$796,190 in rangelands improvement expenditures for the Field Office.

- At the Battle Mountain Field Office, we found that neither the database at the Science Center nor the Field Office listed any projects completed during fiscal years 1996, 1997, and 1998 (through June 30); however, the Field Office had completed 3 rangelands improvement projects, totaling \$15 1,300, during fiscal years 1996 and 1997.

We also found that expenditures detailed in the Bureau's official accounting system under rangelands improvement funds could be identified but could not be traced to projects in the System's databases. This condition was also reported as a deficiency by the General Accounting Office in its April 1993 report.

The Bureau needs accurate cost and inventory information for rangelands improvement projects for reporting purposes and for making effective decisions related to managing the rangelands. The Bureau is required to manage, maintain, and improve the condition of the public rangelands in accordance with management objectives and the land use planning process pursuant to Section 202 of the Federal Land Policy and Management Act. Also, the Federal Land Policy and Management Act, the Public Rangelands Improvement Act of 1978, and the Bureau Manual limit rangelands improvement expenditures to specified purposes. Further, Statement of Federal Financial Accounting Concepts No. 1 states:

Federal financial reporting should provide information that helps users to determine:

- Costs of specific programs and activities and the composition of, and changes in, these costs;
- Efforts and accomplishments associated with Federal programs and their changes over time and in relation to costs; and
- Efficiency and effectiveness of the Government's management of its assets and liabilities.

We found that the rangelands improvement program databases at the field offices visited were not complete and accurate because field office personnel had not received adequate direction and guidance on inputting the data into the System. For example, as a result of deficiencies in the System reported by the General Accounting Office, the Bureau issued Instructional Memorandum 95-136 on July 1, 1995, regarding project inventories and

accountability for use of the funds. The memorandum stated that the Bureau was eliminating its prior requirement to include project cost data in all System project records. According to a Bureau official, the Bureau attempted to reconstruct its records but could not complete this task because of the incompleteness and unreliability of information in the Bureau's financial records. Additionally, when rangelands improvement projects were completed, the required data were usually transcribed to a form for input to the System; however, the data either were not entered into the field office database timely or were not entered because project completions and work in process were not required to be reported until the end of that fiscal year. Also, the System was not integrated, which therefore required that the same data be input at both the field offices and at the National Applied Resource Science Center. The Bureau has acknowledged that the System needs to be redesigned as an integrated system which can be accessed by all the field offices and the National Applied Resource Science Center, but at the time of our audit, the redesign was only in the early planning stage.

As a result of using incomplete and inaccurate databases on its rangelands improvement projects, the Bureau's "Public Land Statistics" has not been completely reliable. Therefore, we believe that the Bureau's ability to manage, maintain, and improve the condition of the public rangelands has been adversely impacted.

## **Recommendations**

We recommend that the Director, Bureau of Land Management:

1. Ensure that field offices use rangelands improvement program funds only for the purpose of authorized on-the-ground range rehabilitation, protection, and improvement.
2. Ensure that the Bureau identifies rangelands improvement costs by project and justifies charges to rangelands improvement program funds. To accomplish this, the Bureau could record rangelands improvement project numbers on time and attendance records and other cost code data.
3. Issue formal procedures and guidance to all field offices on the proper and timely recording of rangelands improvement project information into the Rangelands Improvement Project System and ensure that all appropriate field personnel are adequately trained in this area.
4. Redesign and implement the Rangelands Improvement Project System so that project data can be input at field locations but accessed by other field offices and by the National Applied Resource Science Center.

## **Bureau of Land Management Response and Office of Inspector General Reply**

In the April 26, 1999, response (Appendix 2) to the draft report from the Acting Director, Bureau of Land Management, through the Acting Assistant Secretary for Land and Minerals

Management, the Bureau indicated concurrence with Recommendations 2, 3, and 4 but did not indicate full concurrence with Recommendation 1. Subsequent to the response, Bureau officials provided us additional information on May 14 and 25, 1999, on the recommendations. Based on the response and the additional information, we consider all four recommendations resolved but not implemented. Accordingly, the recommendations will be forwarded to the Assistant Secretary for Policy, Management and Budget for tracking of implementation (see Appendix 3).

Regarding Recommendation 1, Bureau officials clarified the Bureau's response in the subsequent information provided, stating that the instruction memorandum it planned to issue to clarify allowable uses for the rangelands improvement funds will also provide "specific guidance" requiring project numbers to be used to more accurately charge expenditures to the appropriate program and that this guidance would cause a "significant decrease" in the number of expenditures charged based on budgeted amounts. Bureau officials further stated that the instruction memorandum will clarify the use of range improvement and other funds and direct that all land treatments or projects and associated costs be entered into the Rangelands Improvement Program System. Bureau officials stated that the instruction memorandum will be implemented by October 1, 1999, and that the Assistant Director for Renewable Resources and Planning is responsible for implementation.

Regarding Recommendation 2, Bureau officials said that it planned to implement the recommendation by September 30, 1999, and that the Assistant Director for Business and Fiscal Resources is responsible for implementation.

Bureau officials also provided additional information after the initial response for Recommendations 3 and 4, stating that the Assistant Director for Renewable Resources and Planning is responsible for these recommendations and that the intensive training program (Recommendation 3) would be completed by April 30, 2000. In its response, the Bureau stated that the training program would be completed after the redesign of the Rangelands Improvement Program System, which is expected to be completed by January 1, 2000.

## **Additional Comments on Report**

In its response, the Bureau also provided additional comments on the report. The Bureau's comments and our replies are in the paragraphs that follow.

### **Findings and Results of Survey**

**Bureau Comments.** The Bureau said that its "first concern" was that the draft report omitted the quote from the Code of Federal Regulations (43 CFR 4120.3-8(b)) which was included in the preliminary draft as follows:

" . . . funds may be used for activities associated with on-the-ground improvements, including planning, designing, laying out, contracting,

modifying, maintaining when the Bureau is responsible, and monitoring and evaluating the effectiveness of specific rangelands improvement projects.”

The Bureau stated, “This section of the regulation is the most current guidance on the appropriate uses of these funds during the 3-year period under review for this report.” The Bureau further stated that omitting this sentence from the report “significantly changes the tone of the subsequent findings.” Additionally, the Bureau stated that the “review should have been comparing how closely actual use of these funds complied with this regulation” instead of attempting to “compare actual expenditures with guidance provided in a Handbook (H-1740-1).”

The Bureau also disagreed with the report’s conclusion that the allowable uses of rangelands improvement funds under the Federal Land Policy and Management Act and the Bureau Manual (H-1740-1) were restricted to “direct costs of construction.” The Bureau stated that the Federal Land Policy and Management Act states that rangelands improvement funds may be used “... for the purpose of on-the-ground range rehabilitation, protection, and improvements. ...” The Bureau further stated that “FLPMA [Federal Land Policy and Management Act] does not restrict the use of these funds to ‘direct cost of construction.’ If it did, 43 CFR 4120.3-8(b) would not be in compliance with the law.” Further, the Bureau stated that although the December 7, 1987, Handbook states that “[i]t is Bureau policy that RI [rangelands improvement] funds not normally be used for project planning, resource clearances, etc.,” the Secretary of the Interior “changed this Bureau policy by issuing new regulations under 43 CFR 4120.3-8(b) on February 22, 1995.”

The Bureau further stated that the “change in policy increased the number of employees who could legitimately charge” to the rangelands improvement program and that this policy was “in place during the 3-year period under review.”

**Office of Inspector General Reply.** We omitted the reference to the Code (43 CFR 4120.3-8(b)) because the questioned costs were attributable to a lack of documentation and justification that the charges benefited the rangelands improvement program rather than to the types of costs charged. We concur with the Bureau that costs for on-the-ground improvements such as specific project planning, designing, laying out, contracting, modifying, monitoring, and evaluating were proper charges to the rangelands improvement program. However, the costs must be adequately documented and justified as to the specific projects benefited. Therefore, the citation from the Code was not applicable as to why the costs were questioned.

The statement that the Federal Land Policy and Management Act does not restrict the use of these funds to “direct costs of construction” is correct, and our report does not question the use of funds for construction. Therefore, we included the entire quotation, which includes implementation, inspection, and maintenance of rangelands improvement projects. In addition, in our report (page 6), we included a quote from the Bureau’s Grazing Handbook that more accurately describes the uses of range betterment funds as established and defined by the Federal Land Policy and Management Act. Again, our report did not question which

employees could charge the rangelands improvements program but that the employees' charges to the program which we reviewed were not justified as to the benefiting range improvement projects.

## **Personnel Costs**

**Bureau Comments.** The Bureau stated that "the Battle Mountain situation appears to be accurately described in the report" and that the Battle Mountain Field Office "has initiated new procedures, guidance and training to ensure that in the future all charges to RI (8 100) [rangelands improvement] are directly related to specific projects." However, the Bureau further stated that the Elko and Winnemucca Field Offices "are a different situation," in that the officials involved "were directly responsible for the supervision of the engineering staffs and Force Account crews" that are directly involved in carrying out the rangelands improvement program on a daily basis.

**Office of Inspector General Reply.** As discussed at the exit conference, we revised our report to state that the personnel costs were "not adequately justified to support" that the employees' work benefited the rangelands improvement program. Again, we emphasize that the costs were not adequately justified because the Bureau charged expenditures based on budgeted amounts rather than actual work performed and did not record program costs by rangelands improvement project numbers. Specifically, at the Elko Field Office, the Assistant District Manager for Support Services, who is responsible for management analysis, financial management, information resources management, procurement and contracting functions, personnel management, fleet management, warehouse management, range improvement construction and maintenance operations, and facilities construction and maintenance, stated that the charges to the rangelands improvement funds were based on a planned annual allocation at the direction of senior-level management. For the Winnemucca Chief of Operations, whose responsibilities included ensuring that all assigned work for staff functions and line-management roles related to lands and realty, minerals, cultural resources, and wilderness is completed, and the Elko warehouse worker who is responsible for all district warehousing, including fire supplies, property accountability, maintenance of the building and grounds, vehicle coordination, and project materials and stores accountability, we could not obtain documentation to justify that the costs for these two positions were appropriately charged to the rangelands improvement program, and the cost data could not be reconciled to specific rangelands improvement projects.

## **Vehicles**

**Bureau Comments.** The Bureau stated that it would be "interested in knowing how the auditors determined that the vehicle costs were 'inappropriately charged to the rangelands improvement program.'" The Bureau further stated:

If the auditors reached a conclusion based on the fact that a particular vehicle was not assigned to an equipment operator, then the assumptions are not accurate .... Rangeland management specialists, biologists, archeologists,

as well as other pertinent specialists, etc., can and should charge their time and other expenses to RI (8100) [rangelands improvement] when they are working on the project planning process.

**Office of Inspector General Reply.** We agree that all costs, except those prohibited in Bureau Handbook H-4170-1, associated with a range improvement project should be charged to the rangelands improvement program funds when work is performed on a project, including specific project planning costs. In reviewing vehicle costs charged to the program, we identified the vehicles charged to the rangelands improvement funds and the employees to whom the vehicles were assigned. If the employees had charged time to the program or were responsible for range improvement activities, we did not take exception to the vehicle charges. If the employees did not charge time to the program and were not assigned responsibility for the program, we concluded that the vehicle charges were inappropriately charged to the program.

### **Remaining Costs**

**Bureau Comments.** The Bureau stated that our report “makes reference to, ‘\$15,000 for forklift use in a warehouse.’” The Bureau further stated:

The forklift is being used in support of the RI (8100) [rangelands improvement] program for loading and unloading supplies and equipment at the Elko Field Office. Fifty percent of the hourly rate and fixed ownership rate (FOR) are charged to RI (8100). This would seem to be a totally legitimate charge to RI (8100). The forklift was purchased (\$42,432) entirely with real property appraisals (9310) money [The account code for the Working Capital Fund].

**Office of Inspector General Reply.** The Bureau’s supporting documentation that we obtained from Bureau field offices shows that the \$15,000 was charged to rangelands improvement funds for the purchase of the forklift, not for the hourly rate usage charge or for the fixed ownership rate. Additionally, the documentation also shows that the amount charged in total for the forklift was \$39,322. We have sent this documentation to the Bureau’s headquarters. Other programs benefit from the warehouse operations use of the forklift, such as fire and building maintenance; however, those programs were not charged a portion of the purchase price of the forklift. The total cost of the forklift should have been charged to the Working Capital Fund; however, with proper justification, we believe that the Bureau could charge an equitable portion of any cost exceeding available funding in the Working Capital Fund to all benefiting programs, not just the rangelands improvement program. Considering the relatively low number of rangelands improvement project accomplishments of the field office during the period of our review, we believe that most of the \$15,000 should have been charged to other programs.

**Bureau Comments.** Regarding the \$12,100 for vehicle repairs and maintenance, the Bureau stated that “this amounts to an average of \$1,500/FO/year” [\$1,500 per field office

per year] and that "[r]epairs and maintenance outside of regular maintenance are charged to the benefitting activity." The Bureau further stated:

If a vehicle or equipment breaks down while working an RI (8100) [rangelands improvement] project, RI (8100) would be the legitimate code in which to charge the repairs. Considering the stress put on equipment during project construction, \$1,500/year seems to be very conservative.

**Office of Inspector General Reply.** According to the Bureau Manual for the Working Capital Fund, range improvement funds should not be used for vehicle maintenance, presumably because vehicle maintenance costs are recovered through the monthly use rate charged by the Working Capital Fund. The Bureau's statement that \$1,500 per field office per year for vehicle repair is "conservative" does not justify charging rangelands improvement funds because the Bureau did not identify a specific project number. Also, we do not know how the Bureau determined that the \$7,300 charged by the Elko Office and the \$4,800 charged by the Winnemucca Office (total of \$12,100) equate to \$1,500 per field office per year or that the \$1,500 is "conservative." We did determine that the Battle Mountain Office did not directly charge the rangelands improvement program for vehicle repairs and maintenance.

**Bureau Comments.** The Bureau stated, "The other \$3,300 for 'repairs and maintenance' is not clearly described, therefore, we are unable to provide a response. The same holds true for the \$500 for training expenditure."

**Office of Inspector General Reply.** The captions of "repairs and maintenance" and "training" were the only documentation for these amounts in the Bureau records provided to us. As previously stated, Bureau Handbook H-4170-1 does not permit the use of range improvement funds for maintenance or training. Under current regulations, the Bureau may use rangelands improvement funds for maintenance of specific projects; however, during our review, none of these expenditures were identified to specific projects.

## **Other Matters**

Personnel at the Bureau's three offices we visited were not performing all scheduled inspections for maintenance on rangelands improvement projects, as required by Bureau Handbook H-1740-1. Bureau management and staff said that staffing was inadequate to conduct all scheduled rangelands improvement inspections. Although we did not review the adequacy of the staffing for performing inspections, we did find that scheduled inspection intervals for similar type projects varied significantly. As a result of not conducting scheduled inspections, the Bureau had little assurance that projects for these three field offices were operational.

At the time of our audit, the Winnemucca Field Office had approximately 1,947 rangelands improvements, the Elko Field Office had 6,062 rangelands improvements, and the Battle Mountain Field Office had 1,358 rangelands improvements. In accordance with instructions

for the Rangelands Improvements Project System, these projects are to be inspected on a cyclical basis ranging from 1 to 10 years. Our review of rangelands improvement files disclosed that scheduled inspections were rarely performed. At the Winnemucca Office, we reviewed five rangelands improvement files for projects that were completed during 1969 through 1996 and found that only 3 of 44 scheduled inspections for the four projects were performed and documented (with the most recent inspection completed in 1991). At the Elko Office, we reviewed six rangelands improvement files for projects that were completed during 1951 through 1986 and found that only 2 of 162 scheduled inspections had been performed and documented (with the most recent inspection completed in 1993). At the time of our visit, Battle Mountain Office personnel stated that inspections of rangelands improvement projects had not been performed. Subsequent to our site visit, Battle Mountain Office personnel stated that their office had performed 12 inspections and found that all of the projects were either not operational or were only partially functioning.

We noted that all project files we reviewed at the Elko Office scheduled projects for annual inspections. At the Winnemucca Office, we noted that while one fence was scheduled for annual inspections, another fence was scheduled for inspections every 5 years. We could not determine from the files the reasons for the differences in inspection periods; however, Bureau field personnel said that inspection intervals were determined by the field office civil engineer when each project was designed. However, we believe that some inspections may be required too frequently, such as annually. We suggest that the Bureau instruct field offices to develop inspection schedules for monitoring range improvement projects that are frequent enough to detect needed repairs and maintenance in a timely manner and that existing staff can accomplish.

## **Bureau of Land Management Response and Office of Inspector General Reply**

In its response (Appendix 2), the Bureau stated that it “recognizes a lack of maintenance inspection, however, when given all the work that the BLM [Bureau of Land Management] must do within present personnel constraints, this workload is relatively low in priority.” The Bureau also stated that our report noted the inconsistency of project inspection schedules. The response further stated that “[w]hile some inconsistency among like projects between States could be expected,” the Bureau will address the differences in project schedules within a field office when it revises the Renewable Resource Improvement and Treatment Handbook.

When revising its Handbook, we encourage the Bureau to consider performing the inspections to ensure that the projects are operational, since a project that is not operational cannot provide the benefits for which it was intended.

Since all of the report’s recommendations are considered resolved, no further response to the Office of Inspector General is required (see Appendix 3).



The legislation, as amended, creating the Office of Inspector General requires semiannual reporting to the Congress on all audit reports issued, the monetary impact of audit findings (Appendix 1), actions taken to implement audit recommendations, and identification of each significant recommendation on which corrective action has not been taken.

We appreciate the assistance of Bureau of Land Management personnel in the conduct of our survey.

**CLASSIFICATION OF MONETARY AMOUNTS**

<u>Finding Area</u>	<u>Funds To Be Put To Better Use</u>
Costs That Were Inadequately Justified or Inappropriately Charged to Rangelands Improvement Funds	\$328,700



## United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
Washington, D.C. 20240  
<http://www.blm.gov>

April 26, 1999

In Reply Refer To:  
4000 (220)

## MEMORANDUM

To: Assistant Inspector General for Audits

Through: *for* Sylvia V. Baca *Shayla Freeman Simon* APR 27 1999  
Acting Assistant Secretary, Lands and Minerals Management

From: *Acting* Director, Bureau of Land Management *Nina R. Hatfield*

Subject: Response to Draft Survey Report on the Rangelands Improvement (RI)  
Program, Bureau of Land Management, dated February 1999  
(C-IN-BLM-00 1-98D)

Thank you for the opportunity to respond to the subject draft audit report. We generally agree with the findings of the survey and concur that several aspects of the program deserve attention. However, we believe the Office of Inspector General (OIG) has inaccurately concluded that there is inappropriate use of the funding.

Our comments on the assertions are provided below:

## SPECIFIC COMMENTS TO FINDINGS AND THE SURVEY

Our first concern with the above-referenced draft report starts on page two. The preliminary draft survey report included a quote at the end of the full paragraph that is a portion of 43 CFR 4 120.3-8(B).

“ . . . funds may be used for activities associated with on-the-ground improvements, including planning, designing, laying out, contracting, modifying, maintaining when the Bureau is responsible, and monitoring and evaluating the effectiveness of specific rangelands improvement projects.”

The sentence above was omitted from the current version of the report and thus significantly changes the tone of the subsequent findings. This section of the regulation is the most current guidance on the appropriate uses of these funds during the 3-year period under review for this

report. It would seem that the review should have been comparing how closely actual use of these funds complied with this regulation. Instead, the report attempted to compare actual expenditures with guidance provided in a Handbook (H-1740-1) entitled “Renewable Resources Improvement and Treatment Guidelines and Procedures” released in December 1987. This is addressed later in our response.

## RESULTS OF SURVEY

We do not agree with the OIG’s conclusion on page four regarding the allowable uses of RI funds (8 100) as follows:

“The Federal Land Policy and Management Act and Bureau Manual restrict the expenditure of rangelands improvement program funds to the direct costs of construction or implementation, inspection, and maintenance of rangelands improvement projects.”

The Federal Land Policy and Management Act (FLPMA) also addresses the use of RI funds (8100):

“... for the purpose of on-the-ground range rehabilitation, protection, and improvements. ..”

However, the FLPMA does not restrict the use of these funds to “direct cost of construction.” If it did, 43 CFR 4120.3-8(b) would not be in compliance with the law.

The Handbook 1740-1 dated December 7, 1987, states:

“It is Bureau policy that RI funds not normally be used for project planning, resource clearances, etc.”

However, the Secretary changed this Bureau policy by issuing new regulations under 43 CFR 4120.3-8(b) on February 22, 1995. This change in policy increased the number of employees who could legitimately charge to the RI program (8 100). As stated above, this was the policy in place during the 3-year period under review.

## Rangelands Improvement Expenditures

### 1. Personnel costs

The Battle Mountain situation appears to be accurately described in the report. Workmonths (WM) were spread to rangeland management specialists, biologists, etc., and time was charged to 8100 as spread. Some of these WM’s were legitimately charged for project planning. It would be impossible to determine exactly how much time was involved for the reasons described in the

OIG report. The Battle Mountain Field Office has initiated new procedures, guidance and training to ensure that in the future all charges to RI (8 100) are directly related to specific projects. The Bureau is also proposing changes later in this response that, when implemented, will aid in assuring that 8 100 charges are properly coded.

The expenditures made by the Elko and Winnemucca Field Offices are a different situation. The Assistant District Manager (ADM) for Support Services in Elko and the Chief of Operations in Winnemucca were directly responsible for the supervision of the engineering staffs and Force Account crews.

The Elko Field Office's ADM charged approximately \$4,100/year or just over one WM to RI (8100). She was responsible for supervising one engineer, one engineering technician, three equipment operators and one warehouse worker. All of these positions are directly involved in carrying out the RI (8100) program on a daily basis.

Winnemucca's Chief of Operations charged approximately \$3,650/year or one WM to RI (8100). He was responsible for supervising one engineer, one engineering technician, and two equipment operators. He also had the lead responsibility for coordinating the RI (8 100) program for the District.

In the Elko Warehouse Worker case, approximately \$5700/1.5 WM's was charged to RI (8100). This individual is responsible for handling and storing all materials which were purchased for use in the construction of RI (8 100) projects.

## **2. Vehicles**

We would be interested in knowing how the auditors determined that the vehicle costs were "inappropriately charged to the rangelands improvement program." If the auditors reached a conclusion based on the fact that a particular vehicle was not assigned to an equipment operator, then the assumptions are not accurate. Any number of specialists may be involved in the project planning process. An important part of this process is the field work associated with project planning which requires the use of vehicles. Rangeland management specialists, biologists, archeologists, as well as other pertinent specialists, etc., can and should charge their time and other expenses to RI (8 100) when they are working on the project planning process.

## **3. Remaining Costs**

The report makes reference to, "\$15,000 for forklift use in a warehouse." The forklift is being used in support of the RI (8100) program for loading and unloading supplies and equipment at

the Elko Field Office. Fifty percent of the hourly rate and fixed ownership rate (FOR) are charged to RI (8 100). This would seem to be a totally legitimate charge to RI (8 100). The forklift was purchased (\$42,432) entirely with real property appraisals (93 10) money.

Regarding \$12,100 of vehicle repairs and maintenance, this amounts to an average of \$1,500/FO/year. Repairs and maintenance outside of regular maintenance are charged to the benefitting activity. If a vehicle or equipment breaks down while working an RI (8 100) project, RI (8100) would be the legitimate code in which to charge the repairs. Considering the stress put on equipment during project construction, \$1,500/year seems to be very conservative.

The other \$3,300 for "repairs and maintenance" is not clearly described, therefore, we are unable to provide a response. The same holds true for the \$500 training expenditure.

Page ten of the report described lack of inspections of projects. The BLM recognizes a lack of maintenance inspection, however, when given all the work that the BLM must do within present personnel constraints, this workload is relatively low in priority. Inconsistency of project inspection schedules was also noted in the survey. While some inconsistency among like projects between States could be expected, the difference within a field office is deserving of attention. In revising the Renewable Resource Improvement and Treatment Handbook, this facet of project implementation and reporting will be addressed.

Thank you for assisting us in finding ways to improve this critical program. We look forward to working with you on resolving the concerns brought out by the report. If you have any questions, please contact Tom Roberts, Range Conservationist, 202-452-7769 or Gwen Midgett, BLM Audit Liaison Officer, at 202-452-7739.

Attachment

RESPONSE TO DRAFT SURVEY REPORT  
RANGELAND IMPROVEMENT PROGRAM  
BUREAU OF LAND MANAGEMENT  
FEBRUARY 1999  
(C-IN-BLM-001-98D)

**Recommendation 1:** Ensure that field offices only use rangelands improvement (RI) funds (8 100) for the purpose of authorized on-the-ground range rehabilitation, protection and improvement.

**Response:** As a result of this survey, the BLM has been made aware of an area in the RI program that needs attention. In most cases it is a lack of documentation of the costs incurred in the program which fails to demonstrate the appropriate use of the funds. In addition, the findings indicate a varied interpretation by the BLM field office personnel as to the allowable uses for the RI funds.

Changes to policy for the use of these RI funds have occurred over the years since the issuance of the 1987 Renewable Resource Improvement and Treatment Guidelines and Procedures Handbook. Factors affecting this change include annual appropriations acts and supporting documentation from the Appropriations Committees' Reports that provide guidance to the BLM concerning expenditures for RI's. Specifically, the Reports of the House Committee on the Appropriations for the Department of the Interior and Related Agencies since Fiscal Year 1993 state, "Receipts are used for construction, purchase, and maintenance of range improvements, such as seeding, and design of these projects." Please note that planning and design are included as legitimate uses of these funds. The change in the 1982 RI policy and the 1987 Handbook, first surfaced in the 1992 Appropriations House Committee Report and was reflected in Instruction Memorandum No. 92-95.

The Secretary clarified the policy through regulation when 43 CFR 4 120.3-8(b) was issued on February 22, 1992, which stated "...The funds may be used for activities associated with on-the-ground improvements including the planning, design, layout, contracting, . .of specific range improvement projects." This change in policy increased the number of legitimate charges to the RI (8100) program, and this policy was in place during the 3-year period under review. However, apparent confusion with the policy surfaced in this survey. Therefore, direction in the form of an instruction memorandum will be forthcoming to address this problem and to make it clear that the more recent regulations supercede any Handbook or Manual Section. Accordingly, we believe that the Office of the Inspector General (OIG) should compare the actual use of these funds against the current regulatory requirements.

Recommendation 2: Ensure that the BLM identifies RI (8100) costs by project and justifies charges to RI (8 100) funds. To accomplish this, we suggest that the BLM record RI project numbers on time and attendance records and other cost code data.

Response: This recommendation appears to have substantial merit and the feasibility and compatibility with our financial tracking systems is being explored. Should our systems readily allow for project numbers, as we suspect they will, the change will be implemented through appropriate directives and instruction memoranda to the Business Center and the Field. Our goal, if this system allows, would be to have a policy in place so that implementation could begin in FY 2000.

Recommendation 3: Issue formal procedures and guidance to all field offices on the proper and timely recording of RI information into the RIPS program and ensure that all appropriate personnel are adequately trained in this area.

Response: As noted above, the BLM plans to issue guidance to field offices on the proper use of RI funds. Included in this guidance will be a strong emphasis of the proper and timely recording of RI information into the RIPS. This recommendation is very timely in that redesign of the RIPS system is presently underway (and funded to an amount totaling \$380,000). It is expected that the completion of the redesign will be accomplished by January 1, 2000, and that an intensive training program will follow closely to ensure all appropriate RI projects are fully documented.

Recommendation 4: Redesign and implement the RI Project System so that project data can be input at field locations but accessed by the other field offices and by the National Applied Resource Science Center (NARSC).

Response: This recommendation is and was under discussion within the BLM prior to the release of the OIG Draft report. Present discussions include the ability to access information from other field offices, the Washington Office, and the NARSC. Again, this is very timely in that the redesign of RIPS is being planned, and should be complete by January 1, 2000.



## STATUS OF SURVEY REPORT RECOMMENDATIONS

Finding/ Recommendation Reference	Status	Action Required
1, 2, 3, and 4	Resolved; not implemented.	No further response to the Office of Inspector General is required. The recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation.

ILLEGAL OR WASTEFUL ACTIVITIES  
SHOULD BE REPORTED TO  
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