



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

Weaknesses in the BLM's Compensatory Mitigation Program Data Management



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Memorandum

To: Tracy Stone-Manning
Director, Bureau of Land Management Director

From: Kathleen R. Sedney *Kathleen Sedney*
Assistant Inspector General for Audits, Inspections, and Evaluations

Subject: Closeout Memorandum – *Weaknesses in the BLM's Compensatory Mitigation Program Data Management*
Report No. 2019-FIN-022

In March 2019, we notified your office that we had initiated an audit of the Bureau of Land Management's (BLM's) Compensatory Mitigation (CM) program. Our objectives, which were focused on assessing the BLM's implementation of recommendations from an internal review, were to determine whether the BLM had: (1) ensured complete, accurate accounting of the CM contributions collected and spent by third parties; (2) collected CM contributions in accordance with CM agreements with third parties; and (3) spent CM contributions in a timely manner and in accordance with CM agreements. Because of COVID-19 pandemic travel restrictions, we were unable to visit the locations necessary to achieve our objectives, and we accordingly did not finalize an audit report. We are, however, providing this memorandum to notify you of poor data management practices we identified.

The CM program manages contributions collected from users of Federal land to mitigate environmental harms, such as mineral removal or land development, to those lands. The program provides broad discretion to the BLM and third parties, such as State governments or private-sector entities, to collect money or in-kind contributions (that is, goods or services) from entities operating on Federal lands.¹ The BLM or the third parties use these contributions for mitigation projects, which can involve activities such as relocating native species and cleaning up waste. The CM program is guided by various Federal laws and regulations as well as BLM and DOI policies.

In 2018, the BLM conducted an internal control review to assess the sufficiency of practices associated with the collection, management, and expenditure of CM funds from FY 2010 through FY 2018. The review identified 14 findings and associated recommendations, including the need to:

¹ Instruction Memorandum 2021-046, "Reinstating the Bureau of Land Management (BLM) Manual Section (MS-1794) and Handbook (H-1794-1) on Mitigation."

- Assign unique codes to CM projects so they are easily identifiable in information systems
- Enter into written agreements for CM with third-party program managers
- Identify standards for using third-party program managers

The internal review team issued a draft report on December 20, 2018, which according to the BLM National Mitigation Lead, was never finalized. The BLM developed a corrective action plan to address the deficiencies identified.²

We confirmed the internal review findings that no unique codes were assigned to CM projects. Specifically, at the outset of our review, we requested that the BLM provide a listing of all CM projects. The BLM provided us with an initial listing with 84 projects; however, at a later date, the BLM identified 8 more projects that were not included on the original listing. We learned that, because the BLM uses multiple systems to track projects and because no unique codes exist, the BLM must perform manual searches to identify CM projects. Additionally, the project files are maintained at field sites in hard copy, and travel restrictions prevented us from conducting site visits to verify the accuracy of the CM project lists. As a result, we were not able to meet the Generally Accepted Government Auditing Standards (GAGAS) requirements related to evidence. More specifically, because we were not able to validate the exact number of CM projects or review the files, we could not meet the GAGAS evidentiary standards of sufficiency or appropriateness.³

We also confirmed the internal review finding that the BLM does not have a standard CM agreement that, at a minimum, sets standards for collecting and expending contributions, measuring project performance, and maintaining accountability. Specifically, we examined the 15 projects selected by the internal review team and found that none of the project agreements included critical elements such as the project type, periods of performance, amounts to be collected, details on mitigation steps, required progress, financial reports to monitor performance, and what to do with remaining funds after projects are completed.

Because the BLM cannot identify all the CM projects and does not have a standard CM agreement that ensures effective oversight of CM projects, it cannot adequately monitor the CM program's projects and performance. This lack of oversight at the BLM CM program level can lead to wasted or uncollected funds and to projects that fail to meet their objectives. We advise the BLM to consider implementing the recommendations made in its own 2018 internal control review. We may choose to perform a comprehensive review of the BLM CM program in the future.

² As of November 2021, the BLM stated that it had not resolved these recommendations.

³ GAGAS 8.90 states that "auditors must obtain sufficient, appropriate evidence to provide a reasonable basis for addressing the audit objectives" and that evidence is not sufficient or appropriate when it has significant limitations.

Although we do not require a formal response, please apprise us of any actions that the BLM takes on these issues. If you have any questions about this memorandum, please contact me at 202-208-5745.

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