



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


September 16, 2011

Memorandum

To: Eric Eisenstein  
Division Chief, Internal Control and Audit Follow-up, Office of Financial  
Management

Daniel Ashe  
Director, U.S. Fish and Wildlife Service

Jonathan Jarvis  
Director, National Park Service

From: Charles Haman   
Regional Manager for Audits, Inspections, and Evaluations

Subject: Verification Review of Nine Recommendations from Our September 2008  
“Final Audit Report: DOI’s Hurricane Rebuilding Efforts (Report No.  
C-IN-MOA-0006-2007)”  
Report No. C-VS-MOA-0004-2011

The Office of Inspector General (OIG) completed a verification review of nine recommendations presented in the “Final Audit Report: DOI’s Hurricane Rebuilding Efforts (Report No. C-IN-MOA-0006-2007).” Our objective was to determine whether the recommendations made to the U.S. Department of the Interior (DOI), National Park Service (NPS), and U.S. Fish and Wildlife Service (FWS) were implemented as reported to the Office of Financial Management (PFM), Office of Policy, Management and Budget (PMB).

We have received the following notifications.

- On October 28, 2008, NPS notified OIG that the agency had taken appropriate action to implement Recommendation 5 by conducting a training course in June 2008 and that they consider Recommendation 5 fully implemented and closed.
- On December 8, 2008, PFM reported that DOI had completed actions required to close Recommendation 3.
- On July 22, 2009, PFM reported that FWS had completed actions required to close Recommendations 4.

- On October 5, 2009, PFM reported that FWS had completed actions required to close Recommendation 6.
- On August 4, 2010, PFM reported that NPS had completed actions required to close Recommendations 1a, 1b, and 2.
- On September 9, 2010, PFM reported that FWS had completed actions required to close Recommendation 7.
- On September 13, 2010, PFM reported that FWS had completed actions required to close Recommendation 5.

## **Background**

Our September 2008 audit report, "Final Audit Report: DOI's Hurricane Rebuilding Efforts (Report No. C-IN-MOA-0006-2007)" made nine recommendations concerning DOI's response to damage sustained during the 2005 hurricane season. We focused on NPS and FWS to determine whether they appropriately spent supplemental funds to repair and rebuild hurricane damaged assets.

In a memorandum dated November 4, 2008, OIG referred all open recommendations to the Assistant Secretary for Policy, Management and Budget for resolution and/or tracking. On April 8, 2009, OIG subsequently offered its opinion on additional information received from NPS for Recommendations 1 and 2. OIG recommended that PMB keep both of these recommendations open. Recommendation 4 remained open as well.

## **Scope and Methodology**

The scope of this review was limited to determining whether DOI and its bureaus took action to implement the nine report recommendations. To accomplish our objective, we reviewed the supporting documentation that PFM, NPS, FWS, and DOI provided concerning their response to the nine recommendations.

We did not perform any site visits or conduct any detailed fieldwork to determine whether the underlying deficiencies that were initially identified have been corrected. As a result, this review was not conducted in accordance with the "Government Auditing Standards" issued by the Comptroller General of the United States.

## **Results of Review**

Our current review found that DOI, NPS, and FWS implemented all of the recommendations.

**Recommendation 1a:** NPS should establish a dedicated project management team to oversee and coordinate hurricane-related projects through completion. The team should coordinate



rebuilding efforts among relevant divisions, including safety, engineering, procurement, and finance divisions to ensure that the highest priority projects are completed first.

A March 6, 2009 memorandum from the NPS comptroller to the Assistant Inspector General for Audits provided additional information on specific actions taken by NPS to comply with the report recommendations. Representatives gathered for an NPS disaster recovery workgroup meeting, where members recommended instituting a national team approach to financial oversight and overall program management, provided concise problem and solution sets, and suggested near-term deadlines for draft policy development. A working guide to oversight team composition for disaster recovery was in place by June 1, 2009.

**Action Taken:** NPS established a management oversight group in response to the American Recovery and Reinvestment Act of 2009 (ARRA). The NPS comptroller chairs the oversight group, which includes the functional area chiefs of facilities, construction, human resources, and contracting. The oversight group reviews policies and projects, and proposes methods to streamline practices for efficiency. The ARRA program plan, prepared by NPS in April 2009, describes the oversight group in detail.

After reviewing the ARRA program plan, we conclude that Recommendation 1a is resolved and implemented.

**Recommendation 1b:** NPS should establish a dedicated project management team to oversee and coordinate hurricane-related projects through completion. The team should establish a reasonable timeline for completion of all current and future hurricane projects funded by supplemental appropriations.

A March 6, 2009 memorandum from the NPS comptroller to the Assistant Inspector General for Audits provided additional information on specific actions taken by NPS to comply with report recommendations. The NPS Southeast Regional Office (Southeast Region) developed an execution plan, by project, for the remaining unobligated and unexpended Hurricane Katrina supplemental funding. This document includes a timeline for the completion of each project.

**Action Taken:** In March 2009, the Southeast Region identified the obligation plan for all remaining hurricane recovery work. In October 2009 and March 2010, the remaining projects were reviewed and the final closeout schedule established for the Hurricane Katrina supplemental appropriation. With a few documented exceptions, all Hurricane Katrina supplemental appropriation project work was scheduled to be obligated by September 30, 2010.

After reviewing the obligation plan, which establishes a timeline for completion of all hurricane projects funded by supplemental appropriations and which shows current status and percentage of funds obligated, we conclude that Recommendation 1b is resolved and implemented.



**Recommendation 2:** NPS should develop and implement policies and procedures that expedite the construction process for projects related to future emergency funding.

A March 6, 2009 memorandum from the NPS comptroller to the Assistant Inspector General for Audits provided additional information on specific actions by NPS to comply with the report recommendations. Representatives gathered for an NPS disaster recovery workgroup meeting to provide an update on NPS response to the recommendations and to recommend policy and process changes to accelerate future NPS disaster recovery efforts. Most emergency construction processes have been streamlined in the years subsequent to Hurricane Katrina, such as scaling back the planning and approval process for projects of low complexity, raising the threshold for projects requiring Development Advisory Board review to \$1 million, and instituting emergency review procedures.

**Action Taken:** The Development Advisory Board has instituted a staff review procedure to streamline project management and approval processes for all emergency construction projects. Additionally, the Washington Office Construction Management Division Chief is a member of the ARRA management oversight group, which allows immediate response to areas of concern. These procedures have had a direct impact on NPS ability to execute ARRA funding and will be critical to executing future emergency funding.

After reviewing the NPS memorandum outlining the new review procedures, we conclude that Recommendation 2 is resolved and implemented.

**Recommendation 3:** DOI should work with the bureaus to develop a process that ensures timely reporting of supplemental funding project allocation changes to DOI's budget office, PFM, and Congress.

The Office of Budget sent a memo to PFM on December 1, 2008, requesting closure of this recommendation, effective November 24, 2008, because of the issuance of reprogramming instructions, which included guidance for "reporting of changes to supplemental funding project allocations."

**Action Taken:** Supplemental funding can only change through reprogramming. The Office of Budget has recently issued instructions concerning DOI funds control and reprogramming. These instructions include specific reference to supplemental funding and state that this type of funding is subject to the same rules and reprogramming guidelines as other appropriations.

After reviewing the reprogramming instructions, we conclude that Recommendation 3 is resolved and implemented.

**Recommendation 4:** FWS should develop and implement policies that require: a) a cost-benefit analysis for decisions to rebuild or repair damaged property; b) a needs-based analysis to justify expansion of capital improvement of damaged property; and c) a health and safety survey to ensure that a damaged building is safe for occupancy.



The FWS deputy director responded to Recommendation 4 in a September 26, 2008 memorandum to the Assistant Inspector General for Audits, stating that the Southeast Region emergency recovery team is developing a disaster recovery plan for future recovery activities.

**Action Taken:** An operational plan to guide emergency recovery activities in the Southeast Region has been finalized and signed by the appropriate leadership. This plan provides a recovery process roadmap and policy guidance by outlining the necessary steps from initial damage reporting to contract closeouts and final reporting requirements. All items in the above recommendation have been addressed, in addition to topics such as emergency recovery team formation; project validation, accounting and execution; and documentary requirements.

After reviewing pertinent sections of the disaster recovery plan, we conclude that Recommendation 4 is resolved and implemented.

**Recommendation 5:** FWS and NPS should develop and implement procedures, including training, to ensure that contracting officers comply with all applicable requirements under the Small Business Administration (SBA) Partnership Agreement, including monitoring contractor performance.

NPS responded to the draft audit report in a June 6, 2008 memorandum, stating that training already had been scheduled and therefore that this recommendation should be considered fully implemented and closed. The FWS deputy director responded to Recommendation 5 in a September 26, 2008 memorandum to the Assistant Inspector General for Audits, stating that FWS is developing guidance to ensure that regional contracting officers comply with all applicable requirements under the SBA Partnership Agreement, including monitoring contractor performance. Training will be conducted as part of implementation.

**Action Taken (FWS):** FWS conducted in-house training December 18, 2008, covering the requirements outlined in the SBA Partnership Agreement, in keeping with FAR 52.219-4. Attendees received sample letters informing contractors of the subcontracting limitations and compliance forms. Periodic monitoring for compliance is being performed on all applicable contract files. Section 5 of the June 30, 2009 FWS disaster recovery plan states that acquisition and contracting will adhere to all service policies, guidance, and procedures.

After reviewing relevant portions of the disaster recovery plan and the presentation from the December 2008 in-house training, we conclude that Recommendation 5 is resolved and implemented.

**Action Taken (NPS):** The Denver Service Center scheduled training for NPS that covered the SBA Partnership Agreement and, in particular, monitoring compliance with the "Limitations on Subcontracting" clause. This training, open to the NPS acquisition community, was a part of the June 25, 2008 contracting community conference call. Because the June 2008 training was recorded, NPS has made the transcript available to other contracting officers throughout NPS who continue to make this training module available to others who may, at some future time, have a need to develop contracting skills.



After reviewing the NPS response and the transcript from their training class, we conclude that Recommendation 5 is resolved and implemented.

**Recommendation 6:** FWS should require the concessioner to collect insurance proceeds for the concession building at J.N. "Ding" Darling National Wildlife Refuge and use those proceeds to rebuild the damaged facility.

The FWS deputy director responded to Recommendations 6 in a September 26, 2008 memorandum to the Assistant Inspector General for Audits, stating that FWS has begun taking steps to collect applicable insurance proceeds.

**Action Taken:** The Southeast Region of FWS actively pursued the damage claim process by requesting that the concessioner submit a formal damage claim to the insurance company. The concessioner complied but was denied by the insurance company. The Southeast Region has submitted a copy of the denial letter.

After reviewing the denial by the insurance company, we conclude that Recommendation 6 is resolved and implemented.

**Recommendation 7:** FWS should re-evaluate its policy requiring concessioners to carry real property hazard insurance.

The FWS deputy director responded to Recommendation 7 in a September 26, 2008 memorandum to the Assistant Inspector General for Audits, stating that FWS is revising policy to address this recommendation.

**Action Taken:** FWS Director's Order No. 139, section 12c (3) and (4), specifically requires public liability insurance to protect both the concessionaire and the Government. The concessionaire must name the Government as coinsured in each insurance policy for a concession operation on Federal lands and waters. Property damage insurance for replacement value of facilities is also required.

After reviewing FWS response and related documentation, we conclude that Recommendation 7 is resolved and implemented.

## **Conclusion**

On September 6 and 7, 2011, respectively, we informed FWS and NPS officials of the results of this review and they agreed with the results.

cc: Alexandra Lampros, Liaison Officer, Office of the Secretary  
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