



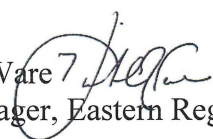
**OFFICE OF
INSPECTOR GENERAL**
U.S. DEPARTMENT OF THE INTERIOR

SEP 20 2013

Memorandum

To: Rhea Suh
Assistant Secretary for Policy, Management and Budget

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

From: Hannibal M. Ware 
Regional Manager, Eastern Region

Subject: Verification of Recommendations for the Report, "Department of the Interior Roads Programs: The Dangers of Decentralization" (Report No. C-EV-MOA-0003-2009)
Report No. ER-VS-MOA-0013-2013

The Office of Inspector General (OIG) has completed a verification review of the recommendation presented in the subject report. Our objective was to determine whether DOI implemented our recommendation as reported to the Office of Financial Management (PFM), Office of Policy, Management and Budget. PFM reported to OIG that it has closed the recommendation. We concur that the recommendation has been resolved and implemented.

Background

Our February 2010 report (Attachment 1), "Department of the Interior Roads Programs: The Dangers of Decentralization," made a recommendation pertaining to the absence of a centralized point of contact for the various DOI roads programs, particularly those funded through the U.S. Department of Transportation (DOT), Federal Lands Highways office (FLH).

In an April 2, 2010 memorandum to OIG (Attachment 2), DOI concurred with the report's recommendation and outlined steps to implement the recommendation. On May 19, 2010, we referred the recommendation to PFM for tracking and implementation. On May 17, 2012, PFM reported that the necessary steps had been taken to consider the recommendation implemented and closed.

Scope and Methodology

We limited the scope of this review to determining whether DOI implemented the recommendation. We reviewed the audit file, interviewed DOI personnel about actions taken on the recommendation, and considered supporting documentation provided by interviewees.

We did not perform site visits or conduct fieldwork to determine whether DOI corrected the underlying deficiencies that were initially identified. As a result, this review was not conducted in accordance with the Generally Accepted Government Auditing Standards or the Quality Standards for Inspection and Evaluation as put forth by the Council of the Inspectors General on Integrity and Efficiency.

Results of Review

We concluded that DOI implemented the recommendation as indicated by PFM's closure notification.

Recommendation: We recommend that Interior establish a DOI-level office or group able to provide centralized, consistent, systematic oversight of the different FLH-supported roads programs and to serve as a focal point for interaction with DOT.

Action Taken: The Office of Acquisition and Property Management (PAM) requested and obtained approval for a GS-15 level general engineer position responsible for managing the DOI roads programs. Duties for the position include serving as a "primary contact and coordinator for asset management planning within the Department and externally with . . . the Department of Transportation." This position was filled in February 2013.

The Department also created the Transportation Coordination Partnership (TCP), consisting of the heads of transportation programs for all bureaus with land and road management responsibilities. The TCP meets monthly to discuss and coordinate various Departmental and Bureau transportation-related practices and policies. TCP works externally with FLH to standardize these practices across the Federal Government and to support legislative efforts that affect transportation funding available to DOI. We consider the recommendation resolved and implemented.

Conclusion

We informed departmental officials of the results of this review at an exit conference on September 12, 2013. Officials agreed with the results.

cc: Anne Castle, Assistant Secretary, Water and Science
Rachel Jacobson, Acting Assistant Secretary, Fish and Wildlife and Parks
Kevin Washburn, Assistant Secretary, Indian Affairs
Tommy Beaudreau, Acting Assistant Secretary, Land and Minerals Management
Kerry Rae, Audit Liaison Officer, Assistant Secretary, Water and Science
Katherine Garrity, Audit Liaison Officer, Acting Assistant Secretary, Fish and Wildlife and Parks
Michael Oliva, Audit Liaison Officer, Assistant Secretary, Indian Affairs
Pam Royal, Audit Liaison Officer, Assistant Secretary, Land and Minerals Management
Nancy Thomas, Audit Liaison Officer, Office of Financial Management
Sharon Blake, Audit Liaison Officer, Office of Financial Management

Alexandra Lampros, Audit Liaison Officer, Office of Financial Management
Patrick McHugh, Audit Liaison Officer, Office of Financial Management
Jonathan House, Audit Liaison Officer, Office of Financial Management
Robert Miller, Professional Engineer, Office of Acquisition and Property Management
Craig Lasser, Professional Engineer, Office of Acquisition and Property Management



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



**Department of the Interior Roads Programs
The Dangers of Decentralization**



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, DC 20240

FEB 01 2010

Memorandum

To: Assistant Secretary, Fish and Wildlife and Parks
Assistant Secretary, Indian Affairs
Assistant Secretary, Land and Minerals Management
Assistant Secretary, Water and Science

From: Mary L. Kendall *Mary L. Kendall*
Acting Inspector General

Subject: Department of the Interior's Roads Programs – The Dangers of Decentralization
(C-EV-MOA-0003-2009)

This memorandum transmits our evaluation report on the Department of the Interior's (DOI or Interior) roads programs. We performed this evaluation to determine if Interior's bureaus have identified and prioritized their roads needs, developed project implementation plans, and installed systems to account for funds expended toward roads projects.

We found significant inaccuracies in roads inventories that affect the ability of bureaus to identify needs correctly and inefficiencies in the processes that bureaus use to prioritize their needs. All bureaus have project implementation plans and the ability to track spending. Two of the bureaus, however, Bureau of Indian Affairs (BIA) and Bureau of Land Management (BLM), lack sufficient safeguards to adequately detect misuse and mismanagement of funds.

To improve management, increase consistency, and better communicate with the Department of Transportation (DOT), which jointly manages the majority of Interior roads, we recommend establishing one DOI-level office or group to oversee all DOI roads programs.

Please have a written response forwarded to this office within 30 days that identifies plans to address our findings and recommendation so that we may track the status of implementation. Should you have any questions, please do not hesitate to contact me at (202) 208-5745.

EXECUTIVE SUMMARY

Why We Performed This Evaluation

We evaluated the Department of the Interior's roads programs at the request of the Congress. We limited our focus specifically on answering the following four questions:

- Have the bureaus identified their roads needs?
- Do the bureaus have mechanisms in place for prioritizing their needs?
- Have the bureaus developed implementation plans for roads projects?
- Do the bureaus have systems in place to account for funds expended toward roads projects?

Our evaluation included roads programs at the Bureau of Indian Affairs (BIA), National Park Service (NPS), U.S. Fish and Wildlife Service (FWS), and the Bureau of Land Management (BLM). The Bureau of Reclamation (BOR) also manages roads; however, we excluded BOR from our evaluation due to its small roads inventory. (See Appendix A for a complete list of abbreviations and acronyms used throughout the report and Appendix B for our scope and methodology).

What We Found

We identified problems in the areas of:

Inventory: Significant inaccuracies exist in roads inventories that affect the identification of needs, skew funding levels, and may lead to either an overestimation or underestimation of public road miles.

Prioritization and Implementation: Inadequacies exist in prioritizing needs, as well as in implementing transportation plans. Not all bureaus have processes in place.

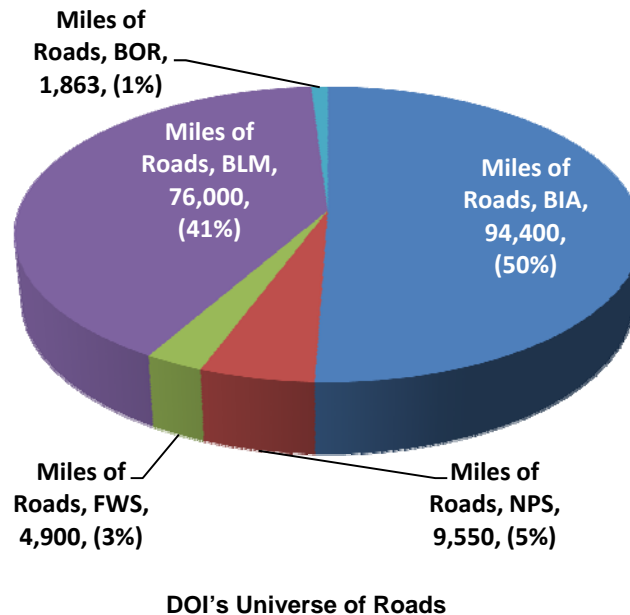
Accountability: All the bureaus reviewed have the ability to track spending. The way BIA and BLM track spending, however, brings into question their ability to adequately detect the misuse and mismanagement of funds.

Interior has not provided Department-level oversight to adequately manage its roads programs. Rather, each bureau is responsible for framing its own roads programs. We believe that this decentralization has led to the problems we have identified.

BACKGROUND ON ROADS PROGRAMS

Roads Universe

Five Interior bureaus manage approximately 186,713¹ miles of roads that are designated for either public or administrative use (see below). The roads inventory includes unpaved roads (primarily dirt and gravel) and paved roads. More than 50 percent of the total miles have been identified as being in poor condition.



The deferred maintenance costs² associated with DOI roads are estimated to be:

- \$181 million for BIA,
- \$4.9 billion for NPS,
- \$1.5 billion for FWS, and
- \$226 - \$276 million for BLM.

Roads Programs

The Departments of the Interior and Transportation jointly manage three programs through the use of memorandums of agreement. The responsible office within Transportation is Federal Lands Highway (FLH), which provides program stewardship and transportation engineering

¹ All numbers used in this evaluation are based on information provided by the bureaus, or FLH.

² Current as of January 2010.

services for the planning, design, construction, and rehabilitation of highways, roads, parkways, bridges, and transit facilities that provide access to or within federally owned lands, national parks, and Indian reservations. We briefly describe the jointly managed programs below.

The **Indian Reservation Roads (IRR) Program** provides funds for roads to, within, and through Indian reservations, whether owned by BIA or other State or local agencies. The IRR system consists of nearly 33,000 miles of public roads and 940 bridges owned by BIA and Tribal governments and over 61,000 miles of public roads owned by State and local governments and other entities. By way of comparison, the entire Interstate Highway System has a total length of 46,876 miles, less than half the mileage of the IRR system (94,400 miles of roads). Approximately 73,320 miles or 78 percent of IRR roads are unpaved.

The **Park Roads and Parkways (PRP) Program** provides funds for public roads that make access available to or within national parks, recreation areas, historic areas, or other NPS units. The inventory includes 9,550 miles of roads, as well as 1,414 bridges and 63 tunnels. Approximately 4,100 miles or 43 percent of the roads are unpaved.

The **Refuge Roads Program** provides funds for approximately 4,900 miles of public roads that grant access to or within units of the National Wildlife Refuge (NWR) System, as well as 265 bridges and 5,153 parking lots. The NWR System includes approximately 548 wildlife refuges in all 50 states, Puerto Rico, Guam, and the U.S. Virgin Islands. FLH funding is provided primarily for the design, reconstruction, maintenance, or improvement of Refuge Roads. Approximately 4,508 miles or 92 percent of the roads are unpaved.

Funding of Roads Programs

Funding for DOI roads programs comes from two primary sources.³ The first source is the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). SAFETEA-LU provides guaranteed funding for highways, highway safety, and public transportation over a 5-year period (FY 2005 – FY 2009) that totals \$244.1 billion. This amount includes \$4.5 billion for transportation projects on or accessing federal lands. For the bureaus with SAFETEA-LU authorizations (BIA, NPS, and FWS), FLH serves primarily as a pass-through vehicle.

Title 23 U.S.C.
Safe, Accountable, Flexible, Efficient
Transportation Equity Act: A Legacy for
Users

Signed into law by President George W. Bush
on August 10, 2005, SAFETEA-LU governs
U.S. federal surface transportation spending.
The legislation expired September 30, 2009.

SAFETEA-LU funds can be used for transportation planning, research, engineering, and construction of highways, roads, parkways, and transit facilities within public lands, national

³ Specifics on the funding for FY 2008 and FY 2009 are provided in Appendix C.

parks, and Indian reservations; FLH projects are 100 percent federally funded. In addition, SAFETEA-LU funds can be used as the State/local match for most types of federal-aid highway funded projects.

SAFETEA-LU Funding Levels	
DOI Program	FY2009 Funding Levels
Indian Reservation Roads	\$450 million
Park Roads and Parkways	\$240 million
Refuge Roads	\$29 million

SAFETEA-LU does not fund routine maintenance of public roads. The Act, however, does permit up to 25 percent of the IRR Program funds to be used for the maintenance of the IRR System. The actual percentage of IRR funds for maintenance is determined by individual tribes.

The second source is DOI funding for construction and maintenance projects, which comes through as line items in bureau budgets. To obtain these funds, road projects must compete with other construction and maintenance projects within the respective bureaus.

WHAT WE LEARNED

Inaccuracies Skew Inventories

Maintaining an accurate inventory of roads and their condition is the first step in the successful management of a transportation network. NPS and FWS have well established, regularly updated, accurate road inventory and condition databases in place to help identify their needs. We found that BIA and BLM, the two largest road programs with respect to mileage, did not have adequate inventories.

We were told by bureau officials that, while BIA and BLM both maintain road inventories, their databases may not match their actual roads. In the case of BIA, we were provided information, both written and verbal, that shows a 60 percent increase in total IRR inventory miles from FY 2005 (62,000 miles) to FY 2007 (102,000 miles), a 40,000 mile unexplained increase.

BIA's mileage inventory may be inaccurate because:

- road mileage was underreported in previous years;
- tribes self-report road miles on their reservations with little to no on-site, independent verification performed; and,

- IRR funds are allocated using a formula that creates a situation in which tribes actually have an incentive to overstate assets to secure more funding.

These conditions may increase the likelihood of potential fraudulent activities within BIA.

Our observations also suggest that BLM underestimates its inventory. BLM program officials and staff personnel at State offices told us during interviews that BLM’s inventory is incomplete because some of the least used and poorest conditioned roads have been omitted (i.e., undocumented roads). BLM considers most of its 76,000 miles of documented roads to be for administrative and not public use. According to BLM documents, however, the public now uses many undocumented roads for multiple everyday life activities — particularly off-highway vehicle recreational use. Changing demographics, increased access, and shifting travel patterns have contributed to the public use of roads not designed or constructed for multipurpose or multivehicle use. These roads have proven to be difficult to identify and manage. Furthermore, unrestricted usage and access are causing BLM roads to deteriorate at higher than expected rates. This deterioration makes maintenance, which has often been deferred, essential to ensuring public safety. BLM’s current emphasis is on maintaining roads in its documented inventory. Consequently, other roads within the BLM network may go unattended. In some of the worst cases, BLM has decided to forego any attempts to maintain roads and to allow them to return to their original states. Potential liability issues could arise from this decision.

Without additional independent assessments to verify and validate the BIA and BLM inventories, we could not be assured that public funds are being spent in accordance with laws, regulations, and policies.

Problems Plague Project Prioritization and Implementation

Once needs have been identified, bureaus must prioritize or rank by importance the projects they wish to complete and then develop plans to implement the projects. Not only do prioritization procedures differ among the bureaus, implementation of projects varies greatly.

Both NPS and FWS have clearly defined priorities and processes in place to identify their needs. They routinely place a high emphasis on maintaining roads that are already in good condition by focusing their road maintenance spending on what are called “3R” maintenance activities — repair, resurfacing, and rehabilitation. They spend less on the “4R” reconstruction projects, which tend to be substantially more expensive. They believe that performing 3R maintenance on roads already in fair or good condition extends the service life of those surfaces and saves money in the end.

Road Maintenance Definitions

3R refers to Repair, Resurfacing, and Rehabilitation of existing roads and directly addresses deferred maintenance concerns.

4R refers to Reconstruction projects and includes realignment of existing roads or upgrade replacement roads, e.g. replacing a gravel road with a paved road. 4R projects require an environmental review.

While we are not in a position from an engineering perspective to judge the merits of this method of prioritization, it is apparent that roads in poor condition could go unmaintained. Such lack of maintenance drives up the deferred maintenance backlogs and causes the most expensive, time-consuming work to be delayed — an issue well noted in previous report findings.⁴

The prioritization processes for BIA and BLM are less well defined than those observed with NPS and FWS. BIA's prioritization process appears to be more decentralized and driven by tribal input. BIA requires tribes to submit 5-year Transportation Improvement Plans (TIPs)⁵ to FLH for approval but allows the tribes to alter their plans as often as they wish. In at least one instance, a high turnover rate in tribal leadership combined with shifting priorities and unrestricted plan alterations defeated the purpose of long-term planning and prioritization. BLM also requires State offices to submit 5-year TIPs, although we discovered that not all States meet this requirement, which makes long-term planning equally difficult.

We found that both NPS and FWS have clearly articulated implementation plans and processes. FWS produced a series of project checklists and individual project agreements with FLH. As part of its implementation process, FWS has a Stewardship and Oversight Agreement with FLH that covers planning, programming, construction, reconstruction, and improvements related to public use roads and bridges. The quality assurance/quality control component within the plan has yet to be implemented fully, however, which brings into question FWS's ability to ensure appropriate oversight. We found no significant issues with NPS.

BIA and BLM identified their 5-year TIPs as their implementation plans. Neither bureau provided plans as extensively detailed as those observed with NPS and FWS.

Accountability Is Lax

While NPS and FWS manage roads funds quite well, neither BIA nor BLM have exercised sufficient oversight to ensure that roads funds are being properly managed and used for intended purposes.

Specifically, BIA lacks control of its accounting practices and cannot ensure appropriate funds use. The OIG exposed this failure previously in its flash report⁶ on the BIA Alaska Region's abuse of IRR funding. For example, use of the formula that determines allocation of the majority of IRR funds allows tribes to misrepresent road mileage and conditions under their domains. The two largest factors in the formula are vehicle miles traveled (VMT) and cost to construct (CTC). VMT is the sum of the length of IRR route segments in a tribe's inventory multiplied by the average daily traffic of each route segment. CTC is the total cost required to bring the transportation facility up to industry standards. These two factors make up 80 percent of the

⁴ GAO-09-425T. Department of the Interior Major Management Challenges reported testimony by Robin M. Nazzaro, Director, Natural Resources and Environment, that pertained to a discussion on reducing Interior's deferred maintenance backlog.

⁵ The TIPs identify road projects for resurfacing, restoration, and rehabilitation.

⁶ DOI OIG Flash Report: BIA Alaska Regional Indian Reservation Roads Program Rife with Mismanagement and Lacking Program Oversight. WR-IV-BIA-0001-2009, February 2009.

formula; both are dependent on self-reported data. BIA has no controls to confirm that self-reported data are accurate.

After the allocations are calculated, funding is provided to the tribes in a lump sum. Legally, this funding can only be used on projects that have been identified in an FLH-approved TIP. Neither FLH nor BIA, however, appears to have the resources needed to adequately monitor and verify how money is being spent. Combined with inadequate inventory oversight, no accurate method is in place for either agency to ensure that funds are spent appropriately.

Our interviews with BLM Washington Office officials revealed that, in some instances, field offices are not using roads funding for its designated purposes and that BLM State offices do little or no follow-up. BLM's ability to follow-up has been hampered by a recent switch to new accounting software, the Financial and Business Management System (FBMS). FBMS does not assign unique annual road maintenance project codes. As reported by BLM and confirmed during our evaluation, funds cannot be readily tracked on a per-project basis.

To its credit, BLM is currently taking steps to correct this problem through the development of an interface between the Facility Asset Management System and FBMS. By doing so, BLM officials believe they will have greater control over project funds. BLM, however, provided no timeline for completion of this initiative.

Without a formal process to track funds and check for improper use, the risk of wasteful or fraudulent use of public money is and will remain unacceptably high. Greater management oversight and incentives are needed to compel tribes (under BIA) and field offices (under BLM) to properly account for roads funding.

WHAT IS WORKING

Out of all the bureaus evaluated, NPS was the only bureau that used an automated road analyzer system for inventory and condition assessments as part of its Road Inventory Program (RIP)⁷. This system provides an accurate and objective report on pavement condition, which allows officials to efficiently prioritize and allocate funding. It is likely that other bureaus found using a pavement analyzer to be cost prohibitive due to their low percentage of paved roads. As a way of standardizing pavement assessments for cost-efficiency, sharing automated road analysis systems across bureaus could be a universally beneficial solution.

NPS also has the most promising process in place for project implementation and accounting of funds. Although most bureaus had 5-year plans and some had project delivery guidance, none had plans as extensive as those in place at NPS. NPS and FLH jointly published the "Park Roads and Parkways Program Handbook, Guidelines for Program Implementation," a 63-page document that outlines and explains every aspect of the Program. The Handbook includes Program goals, performance measures, funding sources, joint and individual responsibilities of

⁷ The Federal Highway Administration RIP for NPS collects roadway condition data on paved asphalt surfaces, including roads, parkways, and parking areas in national parks nationwide.

the two agencies, transportation planning, Program development, funds management, and project delivery.

We also found the NPS project tracking system to be the most robust system of its type within the bureaus evaluated. The PRP Transportation Allocation and Tracking System (PTATS) allow both NPS and FLH to request, approve, allocate, and track funding for each individual project undertaken. It also interfaces with NPS's Administrative Financial System and tracks funding for the individual stages of project planning, development, construction engineering, administration, and actual construction. In fact, FWS, itself, has seen this tracking system as a promising practice and is currently developing software to match NPS capability.

Overall, we found that Interior exercises no centralized oversight of roads program activities within the bureaus. The resultant decentralization has led to a number of inconsistencies and adversely affected program transparency and efficiency, funds accountability, and most importantly public safety. With such large percentages of roads in poor condition, the number of accidents seems certain to increase, along with resultant physical harm. In turn, Interior has placed itself in jeopardy of litigation. Decisions made to refrain from or avoid performing roads maintenance risk charges of negligence.

From our conversations with DOT, we know that at least one department, the Department of Defense, has a centralized entity related to roads programs. FLH and the Military Surface Deployment and Distribution Command (SDDC) jointly administer the Defense Access Roads Program. SDDC oversees the selection and prioritization of funding for all road-related activities recommended by the individual DOD Services.

Based on our findings, we strongly recommend that Interior:

Establish a DOI-level office or group able to provide centralized, consistent, systematic oversight of the different FLH-supported roads programs and to serve as a focal point for interaction with DOT.

ABBREVIATIONS, ACRONYMS, AND OTHER REFERENCE TERMS

BIA	Bureau of Indian Affairs
BLM	Bureau of Land Management
BOR	Bureau of Reclamation
CTC	Cost to Construct
Interior or DOI	Department of the Interior
Transportation or DOT	Department of Transportation
FBMS	Financial and Business Management System
FLH	Federal Lands Highway
FWS	U.S. Fish and Wildlife Service
IRR	Indian Reservation Roads
NPS	National Park Service
NWR	National Wildlife Refuge
PRP	Park Roads and Parkways
PTATS System	Park Roads and Parkways Transportation Allocation and Tracking
RIP	Road Inventory Program
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users
TIP	Transportation Improvement Plan
VMT	Vehicle Miles Traveled

SCOPE AND METHODOLOGY

We performed this evaluation in accordance with the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency "Quality Standards for Inspections." The evaluation focused on the identification and prioritization of the needs of Interior's roads programs, as well as the implementation of roads projects and accounting of roads funds.

Specifically, we reviewed program documents and selected reports (Appendix D); conducted interviews with key personnel from each of the bureaus; and performed site visits to a limited number of locations to ascertain the scale of the various roads programs. We also conducted limited interviews with FLH personnel.

We believe that the work performed provides a reasonable basis for our conclusions and recommendations. As part of our evaluation, we:

- obtained a general understanding of roads programs managed by BIA, NPS, FWS, and BLM;
- conducted site visits and interviewed officials from the various Interior bureaus;
- interviewed DOT officials from FLH;
- reviewed documentation and reports internal to the respective bureaus and the sites we visited;
- performed other work that we considered necessary; and
- reviewed laws and regulations that prescribe the requirements of roads programs on federal lands. This included Title 23 U.S.C.; SAFETEA-LU; the Government Performance and Results Act; and the Tribal Self Governance Act of 1994.

FUNDING LEVELS AND SOURCES FOR DOI ROADS					
		FUNDING SOURCE (in Millions of Dollars)			
		FY 2008		FY 2009	
BUREAU	PROGRAM/ACTIVITY	SAFETEA-LU	DOI	SAFETEA-LU	DOI
BIA	IRR (including bridges)	\$410	-	\$450	-
	Maintenance ⁸	\$102.5	\$25.6	\$112.5	\$26.0
NPS	Park Roads and Parkways	\$225	-	\$240	-
	Construction ⁹	-	\$122	-	\$149
	Maintenance ¹⁰	-	\$336	-	\$373
FWS	Refuge Roads	\$29	-	\$29	-
	Maintenance ¹⁰	-	\$67.8	-	\$67.8
BLM	Construction ⁹	-	\$6.4	-	\$6.6
	Maintenance ¹⁰	-	\$68.4	-	\$67.9

⁸ Up to 25 percent of a tribe's IRR Program funds may now be used for the purpose of IRR system maintenance, as defined in 25 CFR § 170. BIA retains primary responsibility for IRR maintenance through DOI appropriations.

⁹ Funding for all bureau construction related projects — not limited to road projects.

¹⁰ Funding for all bureau maintenance related projects — not limited to road projects.

SELECTED REPORTS REVIEWED

- GAO-09-425T: Department of the Interior, Major Management Challenges
- GAO-09-435T: Transportation Programs, Challenges Facing the Department of Transportation and Congress
- GAO-09-316: Highway Trust Fund: Improved Solvency Mechanisms and Communication Needed to Help Avoid Shortfalls in the Highway Account
- U.S. Department of the Interior, Office of Inspector General, Report No. WR-IV-BIA-0001-2009, February 2009: BIA Alaska Regional Indian Reservation Roads Program Rife with Mismanagement and Lacking Program Oversight
- U.S. Department of the Interior, Office of Inspector General, Report No. C-RR-BIA-0010-2006: Program Assessment Rating Tool, Review of Bureau of Indian Affairs Road Maintenance Program
- Expectmore.gov, Program Assessment: Bureau of Indian Affairs — Operation and Maintenance of Roads
- Expectmore.gov, Program Assessment: Federal Lands Highway Program

Report Fraud, Waste, Abuse , and Mismanagement



Fraud, waste, and abuse in government concerns everyone: Office of Inspector General staff, Departmental employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and abuse related to Departmental or Insular Area programs and operations. You can report allegations to us in several ways.



By Mail:

U.S. Department of the Interior
Office of Inspector General
Mail Stop 4428 MIB
1849 C Street, NW
Washington, D.C. 20240

By Phone

24-Hour Toll Free	800-424-5081
Washington Metro Area	703-487-5435

By Fax

703-487-5402

By Internet

www.doioig.gov/hotline



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240



APR - 2 2010

To: Mary L. Kendall
Acting Inspector General

From: Pamela K. Haze *Pamela Haze*
Deputy Assistant Secretary - Budget, Finance, Performance and Acquisition

Subject: Office of Inspector General Evaluation Report, "Department of the Interior Roads Programs, the Dangers of Decentralization," Report Number C-EV-MOA-0003-2009

Thank you for the opportunity to review the subject evaluation report. This memorandum provides the Department of the Interior's (DOI) consolidated response and incorporates feedback from the bureaus that were evaluated. The Department generally concurs with the OIG's overarching recommendation to improve management, increase consistency, and better communicate across the bureaus' roads programs. The Department will take steps to address this recommendation within the context of providing centralized coordination, policy and oversight, while allowing bureaus to continue decentralized execution of the program by subject matter experts. The Department's engagement in the reauthorization of the Transportation Bill will be led by the Office of Congressional and Legislative Affairs, with budgetary and financial tracking support provided by the Office of Budget and technical support from the Office of Acquisition and Property Management. We are hopeful that this will benefit the level of coordination for Federal Highway programs throughout the Department, thereby benefitting Bureau of Land Management (BLM), Fish and Wildlife Service (FWS), National Park Service (NPS), Bureau of Indian Affairs (BIA), and Office of Insular Affairs. We will also, where appropriate, model best practices of the NPS that are highlighted in your report.

Several of the bureau responses¹ (Attachment 1) indicate a concern over the factual elements in the report from which the recommendation was formed. They state that there were discrepancies among the road inventories illustrated, confusion in documenting which subset of roads qualify for available funding mechanisms, and a lack of detail and analysis on the internal bureau programs focused on managing transportation systems. The emphasis on the jointly managed Federal Lands Highway (FLH) programs without evaluation of the bureaus' internal roads program management, which accounts for a substantial amount of effort by the bureaus, did not tell the full story of the management of roads by each of the bureaus. In addition, it is important to note that BLM, the Department's largest land owner, and Reclamation do not receive appreciable funds through the FLH program that would support significant investments in the types of tracking systems used by NPS.

DOI will take the steps shown in Attachment 2 in accordance with the OIG's recommendation. We do not believe it is necessary to create a department-level office at DOI; rather, we will

¹ The bureaus informed the Office of Acquisition and Property Management that as of the date of this memo, final bureau responses were not yet available. The draft responses by bureaus provided to this office are attached. Final official responses are forthcoming through each Assistant Secretary.

enhance the effectiveness and efficiency of bureau roads programs by leveraging the current organizational structure, adding technical capacity at DOI for program management, and maintaining bureau coordination through the Senior Asset Management Officers. The Office of Acquisition and Property Management will seek to create a Transportation Systems Program Manager position to provide Departmental-level coordination and oversight. This position will be classified as a professional (civil) engineer with appropriate expertise in transportation system planning, design, construction, maintenance, and program management at the Federal level. As we stated above, this position will be augmented with additional funding coordination by the Office of Budget and support for the legislative reauthorization process from the Office of Congressional and Legislative Affairs.

Should you have any questions regarding these steps or this response, please contact Debra Sonderman, Director, Office of Acquisition and Property Management at 202-208-6352.

Attachments

cc: PAM
POB
Bureau Senior Asset Management Officers
Office of Financial Management
(Attn: Alex Lampros, Audit Liaison)

In Reply Refer To:
9113/1245 (850/830)

Memorandum

To: Debra E. Sonderman
Director, Office of Acquisition and Property Management

Through: Wilma A. Lewis
Assistant Secretary – Land and Minerals Management

From: Robert V. Abbey
Director

Subject: Office of Inspector General Evaluation Report, *Department of the Interior Roads Programs: The Dangers of Decentralization* (C-EV-MOA-0003-2009)

On February 1, 2010, the Office of Inspector General (OIG) issued its Evaluation Report, *Department of the Interior Roads Programs: The Dangers of Decentralization* (C-EV-MOA-0003-2009). The report discusses many aspects of the Department of the Interior's (DOI) roads program and highlights what the OIG determined were deficiencies in DOI's road management program with respect to inventory inaccuracies, prioritizing and implementing road maintenance needs, and properly accounting for the funds allocated for roads. The report noted differences in the funding and operation of the programs within the National Park Service, U.S. Fish and Wildlife Service, Bureau of Indian Affairs, and the Bureau of Land Management (BLM).

The OIG's recommendation was to: "[e]stablish a DOI-level office or group able to provide centralized, consistent, systematic oversight of the different FLH-supported roads programs and to serve as a focal point for interaction with DOT." The BLM concurs with a recommendation to establish a Department level team or group.

The BLM believes a Department-level team or group consisting of Department and Bureau representatives could effectively provide the oversight recommended, but does not believe that establishment of an office is warranted. As the report acknowledges, the BLM is not authorized to receive funds from the Department of Transportation's Federal Lands Highway (FLH) program under the Safe, Accountable, Flexible, and Efficient Equity Act: A Legacy for Users (SAFETEA-LU) unlike other agencies in the Department. The BLM is working with the FLH program and its sister agencies that receive funds from the program—the Bureau of Indian Affairs, the National Park Service, and the U.S. Fish and Wildlife Service—to be included in the future if SAFETEA-LU is reauthorized.

The OIG concluded that the BLM did not have an adequate inventory of its roads and that the number of miles of roads may be underestimated. The BLM concurs that our road inventory may be incomplete and, as a result, the number of miles of roads may be underestimated. The

Attachment 1 – Draft Bureau Responses to OIG Report

BLM maintains an inventory of approximately 50,000 miles of roads that can be traversed by two-wheel-drive vehicles and an additional 25,000 miles that can be traversed only by four-wheel drive vehicles. These roads represent primary access routes that are used for a variety of public and administrative activities. The current roads inventory is the result of efforts that began about ten years ago utilizing a standardized condition assessment process. This information is contained and tracked in the Facilities Asset Management System (FAMS). Roads are retained in FAMS unless they have been identified for disposal in travel and transportation management plans at which point they are removed. Once individual plan decisions are made and travel and transportation systems are determined, the BLM will add any newly designated roads, primitive routes, trails, and motorized routes to its inventories for asset management purposes.

Within its current appropriated funding, the BLM updates the road inventory as it completes travel and transportation management planning efforts. The OIG indicated that Transportation Improvement Plans (TIPs) were not being fully utilized by the BLM. However, TIPs are not utilized by the BLM because the TIPs were designed for use in the Federal Land Highway program administered by the Department of Transportation, in which the BLM is not authorized to participate. Instead, the BLM uses its planning process to consider whether to retain existing roads in the inventory and whether to include existing “linear features” such as routes, trails, and primitive roads not currently included in the road inventory. Across the 253 million acres of public lands that it manages, the BLM inherited an access network of hundreds-of-thousands of miles of these linear features that evolved during more than 150 years of use by the public. Use of this access network has greatly increased over the last two decades with the population growth in the West and increased resource use activities, including motorized recreation. This use presents significant challenges for the BLM, including resource protection issues. The BLM is developing a new Travel and Transportation Planning Manual, which will help guide how designated travel networks are identified and managed.

The OIG’s report states that “[i]n some . . . cases, BLM has decided to forgo any attempts to maintain roads and to allow them to return to their original states.” The BLM agrees with this statement. As part of the planning process, the BLM does close or allow primitive routes or linear features, such as those created by historic use, to return to their natural state. Such decisions are neither unusual nor inappropriate in certain circumstances. The BLM’s regulations and policies encourage closure in areas where routes are no longer needed or where resource damage is occurring. The BLM believes that this approach also is consistent with the Office of Management and Budget’s encouragement to dispose of assets that are redundant or no longer sustainable under the existing funding prescriptions afforded the BLM.

The OIG identified the need for the BLM to improve project prioritization and implementation processes. In particular, the OIG expressed concern that the BLM state offices do not submit the 5-year TIPs and that the BLM’s implementation plans were not as detailed as those observed with NPS and FWS. As explained earlier, the BLM is not required to utilize TIPs in the same way that the other FLH Program bureaus, such as NPS and FWS are. There may be some instances where a BLM Field or State Office provides input or suggests projects for inclusion into metropolitan or State TIPs, but there is no requirement for BLM States to produce separate 5-year TIPs. The BLM instead uses travel and transportation management plans to develop its roads inventory. Second, with respect to prioritization and implementation, the BLM has a

rigorous rating and ranking process for all of its constructed assets, which include buildings, dams, bridges, trails, recreation sites, roads, and administrative sites. Roads that have identified Deferred Maintenance needs are submitted through the BLM's Deferred Maintenance Five-Year Planning process for scoring, ranking, and funding. This Department-wide process is currently weighted towards health and safety needs. Through this process, the BLM's road improvement needs are ranked against the needs of other of the BLM's constructed assets. This process ensures that objective criteria are used in distributing the BLM's limited deferred maintenance funding. Deferred maintenance funding is distributed through the project specific rating and ranking process described above, but annual maintenance funding is also used for road maintenance. Annual maintenance funding is distributed to the BLM state offices, and subsequently to the field offices, based on estimated maintenance needs. Field offices prioritize their annual maintenance activities based on their own assessment of maintenance needs for all of the constructed assets within their jurisdiction.

The OIG also identified the need for the BLM to provide better accountability over roads funding. In addition, the OIG states that the BLM's new Financial Business Management System (FBMS) does not assign unique project codes to roads projects. The BLM disagrees with these assessments. The FBMS retains the capability to assign unique project codes, and they are referred to as a "work breakdown structure." During 2009, when the OIG report was being prepared, the BLM was in a transition year from its old accounting system to the new FBMS, and some uncertainty existed about its functionality. The work breakdown structure is an accounting mechanism to track individual projects. While the BLM does not have a budgetary line item for road maintenance, road maintenance is funded through the annual maintenance and deferred maintenance line items. The BLM's actual expenditures for road, bridge, and trail maintenance are carefully tracked in the FBMS using seven distinct program elements. The performance in the maintenance program is also tracked. At the beginning of a fiscal year, field offices provide state offices with target workload measures that are tied to the funding program elements. Actual accomplishments are reviewed by the BLM state offices and the Washington Office. At the end of the fiscal year the Washington Office reviews actual accomplishments and adjusts future funding allocations based on these accomplishments. The Department intends to complete the integration of the FBMS with the FAMS in 2012. This will more readily connect the BLM's roads inventory with its financial systems.

The OIG indicated that interviews with BLM Washington Office officials revealed that, in some instances, field offices are not using roads funding for designated purposes and that BLM State offices do little or no follow-up. The information in the OIG report is not specific enough for BLM to further investigate these allegations. However, the BLM uses its budget planning process to provide broad direction and expected program accomplishments and targets. Among those workload measures are targets for road, building, and other maintenance. In some instances, a field office or state office may only use a portion of the funding that was targeted in the Annual Work Plan for roads, and the remaining money may be utilized on other types of maintenance projects. These funds are all being used properly in support of the BLM's annual and deferred maintenance programs, and these funds are being spent for authorized purposes. BLM State and Washington offices conduct quarterly reviews of budget and performance to ensure that offices remain on track for accomplishing BLM goals. If there were miscoding or improper use of funds, this would be identified through the quarterly review process.

Attachment 1 – Draft Bureau Responses to OIG Report

The OIG reached the conclusion that without a formal process to track funds and check for improper use, the risk of fraudulent use of public money is and will remain unacceptably high. The BLM respectfully disagrees with this assessment. The FBMS, in addition to providing the tracking capability described above, also provides controls on all expenditures of funds. The FBMS internalizes many critical controls, such as separating the roles of requisitioner, requisition approval, budget approval, and contract approval. The BLM believes these system and similar controls, and the clear ability to track funds, minimizes the risk of waste and fraud in the roads program.

If you have any questions about this response, please contact Corey Grant, Chief, Division of Business Resources, at 202-912-7040, or LaVanna Stevenson-Harris, BLM Audit Liaison Officer, at 202-912-7077.

cc:

ASLM (2) (6600 MIB)

WO-850 (LS)

WO-250 (LS)

WO-200 (5644 MIB)

WO-800 (5624 MIB)

WO-830 Official Copy (1000 LS)

WO-830 rf/hold (1000 LS)

lIs:3/04/2010:DOC.ID-revised_OIG Roads Report Response_C-EV-MOA-0003-2009

Attachment 1 – Draft Bureau Responses to OIG Report

In Reply Refer To:
FWS/ANRS/ITM/044268

To: Assistant Secretary, Fish and Wildlife and Parks

From: Director

Subject: Inspector General Evaluation Report C-EV-MOA-0003-2009
Department of the Interior Roads Program, The Dangers of Decentralization

The Office of the Inspector General (OIG) recently released the subject report by way of a February 1, 2010, memorandum that requested a written response. The OIG focused their evaluation on four questions: 1) Have the bureaus identified their roads needs?, 2) Do the bureaus have mechanisms in place for prioritizing their needs?, 3) Have the bureaus developed implementation plans for roads projects?, and 4) Do the bureaus have systems in place to account for funds expended toward roads projects? Based on findings identified in the report, the OIG recommends establishment of a centralized DOI-level office to oversee the roads program.

We have reviewed the report and have serious concerns with both the report itself, and the conclusion that a DOI-level roads office would be beneficial. Our concerns are described below.

Concerns on the factual elements of the report: The report as currently written is unclear as to which roads and which roads programs are being evaluated. It does not clearly distinguish between two major efforts. The majority of the narrative in the report focuses on public use road programs carried out in partnership with the Federal Highway Administration's (FHWA) Federal Lands Highway (FLH) program; however, there is an intermingling of references in the document to roads management within the FLH program and management for administrative roads. Both the FLH and the management of administrative roads are large efforts.

Potential confusion between the two roads programs is illustrated by the following. Pages 2 and 3 of the report focus on roads overall. The chart on page 3 lists 4,900 miles of roads for the Fish and Wildlife Service (Service); these are the FLH roads and an additional 7,800 miles of administrative roads are managed by the Service and should be included in this chart. Deferred maintenance amounts on page 3 display deferred maintenance for all roads combined. Pages 4 and 5 then discuss FLH eligible roads almost exclusively. There is a two sentence reference on page 5 related to administrative roads, referencing a "second source" of funding. The inventory discussion on pages 5 and 6 refers to roads overall. That is followed by a discussion on pages 6 and 7 that focuses almost exclusively on the FLH eligible roads, except for inclusion of BLM roads which are not part of the Federal Lands Highway program.

It is recommended that the report be revised to clarify which road program is being referenced in various sections of the report.

Concerns on the Recommendation to Establish a DOI-level Roads Program Office: We are concerned that the current excellent levels of communication between FHWA and the Service may be negatively affected by creating a new DOI Roads office or group. Our eight Regions work in close coordination with the three FHWA FLH Divisions to implement our program in a decentralized manner, with direct oversight by the Fish and Wildlife Service headquarters staff and FHWA's Federal Lands headquarters. The conduct of the program, in our experience, works well now and new levels of bureaucracy may negatively impact its effectiveness and efficiency.

Attachment 1 – Draft Bureau Responses to OIG Report

Rather than a new Roads office, the Department should consider how current Department groups related to asset management and finance already contribute to oversight of road programs. Including a clearer focus on roads programs within these groups would in our experience provide greater benefit to improving implementation of road programs than would creation of a new Departmental office with many redundant and duplicative components.

cc: 3238/CCU, 3251/ANRS, 670/ANRS-DNRS, 570 ITM, 634 DVSC, 222 PDM, 634 Ken Grannemann, 634 Steve Suder

FWS/KGrannemann:md:3/9/10/703-358-2046/S/CC/2010/044268

Attachment 1 – Draft Bureau Responses to OIG Report

To: Assistant Secretary, Fish and Wildlife and Parks
From: Director, National Park Service
Subject: Inspector General Evaluation Report C-EV-MOA-0003-2009

Department of the Interior Roads Program, The Dangers of Decentralization

The Office of the Inspector General (OIG) has just released the subject report which was initiated at the request of Congress. The OIG focused their evaluation on four questions:

- Have the bureaus identified their roads needs?
- Do the bureaus have mechanisms in place for prioritizing their needs?
- Have the bureaus developed implementation plans for roads projects?
- Do the bureaus have systems in place to account for funds expended toward roads projects?

The OIG reviewed each bureau's road program for adequacy using each of the questions. The National Park Service was routinely cited for having an outstanding program as evidenced by the OIG observations:

- "NPS ... (has a) well established, regularly updated, accurate road inventory and condition database to help identify needs."
- "NPS ... (has) clearly defined priorities and processes in place to identify their needs."
- "We found that ... NPS ... (has a) clearly articulated implementation plans and processes."
- "...NPS ...manage(s) roads funds quite well ..."
- "... NPS was the only bureau that used an automated road analyzer for inventory and condition assessment ..."

The Fish and Wildlife Service (FWS) received similar high marks for most of their program. On the other hand, significant problems were found with both the Bureau of Indian Affairs (BIA) and Bureau of Land Management (BLM) roads programs. As a result, the OIG concluded that the program deficiencies were not the result of bureau poor performance, but rather the Department's decentralization of the roads program. Their proposed solution is to "Establish a DOI-level office or group able to provide centralized, consistent, systematic oversight ..."

We strongly disagree with this proposed solution as it follows the same misguided approach that led to the formation of the Appraisal Services Directorate. In that case, the identification of significant, yet localized problems in the BLM's land acquisition program led to the consolidation of appraisal programs for all bureaus. The resulting organization has proven top heavy, cumbersome and non-responsive to user needs. We believe the creation of a department-wide office to oversee the roads program would result in a similar bloated bureaucracy that unnecessarily duplicates functions already successfully working in the NPS and FWS. Additionally it would seriously impair the strong relationship developed by these bureaus working with their counterparts at the Department of Transportation.

Instead, we believe that underperforming organizations should be directed to remedy their programs to eliminate the problems identified by the OIG. A logical step in addressing BIA and BLM shortfalls, without obstructing the progress made by FWS and NPS road programs, would be to establish an Interagency Road Technical Peer Group (IRTPG) that would include the bureaus and representative from the Federal Lands Highway Program and the Federal Highway Administration. In contrast to a DOI-level office that we believe would cause inefficiencies, delays and add an additional layer of red tape, the IRTPG would be a self-directed work group that meets routinely to share day-to-day business practices

Attachment 1 – Draft Bureau Responses to OIG Report

in administrative policies, guidance, financial tracking, project and program management, goals, performance measures, innovations and best practices. An activity of the IRTPG could be to establish a strong external peer review and monitoring program that would help bureaus to understand and identify shortcomings, deficiencies and address them in a proactive, collaborative, practical and constructive manner.

The NPS stands ready to help the other bureaus in developing such a program.

Attachment 2 – DOI Planned Steps to Address Recommendations

Planned Completion Date	Description of Planned Steps	Responsible Office
Q1 'FY 11	Create, advertise, and fill a new senior program manager position (GS-0810-14/15) within the Office of Acquisition and Property Management, Facilities & Property Management that will 1) Develop policies and provide centralized programmatic oversight to the bureaus in concert with the Asset Management Team and Partnership, and 2) Provide technical support to and coordinate with the Office of Budget and the Office of Congressional and Legislative Affairs through the reauthorization of the Transportation Bill.	PAM
Q2 'FY 11	Engage the Asset Management Team and Partnership (AMT/AMP) in strategic discussion on improving DOI Roads Program and communication with the Department of Transportation (DOT). Develop recommendations for improving accuracy of inventory, improving programmatic consistency, and leveraging best management practices.	PAM/POB/ AMT/AMP
Q2 'FY 12	Complete implementation of AMT/AMP recommendations for improving management, increasing consistency, and better communication within the DOI Roads Program.	Bureaus/PAM
Q3 'FY 12	Leverage existing inventory and road management systems through a unified Facility Maintenance Management System (FMMS) and the appropriate interface with the Financial and Business Management System (FBMS).	Bureaus/PAM