



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

OFFICE OF INSPECTOR GENERAL ORGANIZATIONAL ASSESSMENT 2013

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Message from the Deputy Inspector General

I am pleased to present our Organizational Assessment Report for Fiscal Year (FY) 2013. The report summarizes the most significant achievements of FY 2013 and identifies next steps for FY 2014. The summary encompasses our: 1) core mission work, which we achieve through investigations, audits, inspections, and evaluations; 2) capacity building to anticipate and prevent fraud and other wrongdoing; and 3) improvements in how we work internally.

Our work demonstrates the important role of the Office of Inspector General (OIG) in improving the U.S. Department of the Interior's (DOI) capacity to provide good fiscal, environmental, and cultural stewardship of America's natural resources. Particularly important in tight fiscal times, for example, our reviews of DOI's mineral and water programs will help DOI recoup fair market value for resources coming from public lands and recover funds lost through fraudulent behavior. Our investigative activity led to almost \$4.5 billion in recovered funds and penalties. In addition, several reports addressed real and potential threats to public health and safety and identified weaknesses in DOI business processes.

As articulated in our Strategic Plan (2011-2016), we fundamentally believe that effective oversight requires techniques and methods, not only to catch wrongdoing after it has happened, but to anticipate and prevent wrongdoing. A key preventative activity has been delivering fraud awareness briefings to DOI program managers and contracting staff, who are often in the best position to identify suspicious behavior and activity. Our investigators teach DOI employees how to identify, prevent, and report fraud.

In response to reduced Federal funding in FY 2013, we continued our efforts to improve internal processes and achieve greater efficiencies by streamlining and standardizing many of our routine business processes. OIG employees contributed cost-saving ideas for our ongoing effort to conserve resources for mission-essential work.

This heightened level of employee engagement was a bright spot during a challenging year. Our staff's dedication to our mission and to DOI's mission is essential to our success as an organization. I look forward to working with our leadership team, managers, and staff for a successful 2014.

Respectfully,



Mary Kendall
Deputy Inspector General

Introduction

The Office of Inspector General (OIG) provides independent oversight and promotes excellence, integrity, and accountability within the programs, operations, and management of the U.S. Department of the Interior (DOI). We carry out our mission by conducting audits, inspections, evaluations, investigations, and outreach, but we fulfill our mission by providing relevant, timely, and actionable information to our core customers—DOI, Congress, the U.S. Department of Justice, and the American public.

With 20 percent of the Nation's land under its purview, DOI oversees a diverse range of programs and activities, including mineral extraction and production of renewable and conventional energy sources, protection of migratory wildlife and endangered species conservation, and the public safety of visitors or recreational users of public lands. DOI upholds Federal trust responsibilities to Indian tribes and Alaska Natives and provides financial and technical assistance for the insular areas. DOI also manages water as the largest supplier of resources and hydropower energy in the 17 Western states.

Our audit findings and recommendations this past year helped DOI address management weaknesses or detect wrongdoing in several programs with significant impact on DOI's fiscal, environmental, and cultural stewardship and safety:

- We found that DOI did not obtain fair market value from its helium and coal sales, did not recover past investments in one of its largest water projects, and did not ensure proper use of a multimillion dollar grant program for coastal populations.
- We identified issues with emergency action plans at high-risk dams that, if not addressed, could put people and infrastructure at risk.
- We discovered lax enforcement of Federal laws that require mining companies to restore formerly mined lands in Oklahoma to the approximate original contour or topography.

The impact of our investigative work extends beyond the detection of criminal and civil misconduct by DOI employees and contractors. The quality of our investigations puts DOI and law enforcement in strong positions to prosecute those who violate the law and recover Federal funds through fines and settlements. DOJ cited our investigative work on the Deepwater Horizon oil spill as critical to obtaining a guilty plea from Halliburton for destroying evidence. In FY 2013, OIG helped DOI recover \$4,456,622,609 in criminal penalties and \$1,984,878 in civil penalties. Energy investigations were, again, a major focus of the OIG this year with \$2,417,250 recovered through settlements associated with energy-related investigations.

In addition, since the passage of the American Recovery and Reinvestment Act of 2009, OIG has used several tools to detect and prevent fraud and other wrongdoing before it occurs:

- OIG leadership regularly met with senior DOI officials to educate about OIG's role in identifying and preventing wrongdoing. In these meetings, DOI officials often identified concerns that led to significant audits and investigations.

- The Office of Investigations delivered 58 outreach sessions with DOI bureaus and provided over 1,700 Federal employees instruction on how to spot, prevent, and report potential fraud.
- The Office of Investigations provided DOI Suspension and Debarment officials with information needed to suspend or debar contractors suspected of wrongdoing.
- OIG anticipated potential opportunities for fraud, waste, or mismanagement when recovery funds were released after Hurricane Sandy devastated the East Coast in October 2012.
- The Data Analysis Unit reviewed contract and charge card data for misuse or fraud, most specifically related to the Hurricane Sandy recovery efforts.

OIG remains committed to continuous organizational improvement and innovation to provide quality oversight of DOI. In 2010, we launched a strategic planning process that focused on improving internal processes, investing in our employees, and utilizing our resources. We continued these efforts in 2013.

Our various improvement efforts include providing communication training for OIG managers, acquiring new software to support the automation and tracking of major processes, and launching a new performance management system that emphasizes continuous feedback and after action reviews. These efforts have helped us build employee skills in a cost-effective manner, streamline administrative processes, and develop the resources to internally reflect on our performance.

Most significantly, in 2013, OIG achieved a heightened level of employee engagement and suggestions for improvement related to strategic and operational initiatives. For example, two employee suggestions identified operational efficiencies within OIG and cost savings Departmentwide.

- **Operational Efficiency:** A facilitation community was formed to assist with hosting more effective meetings at OIG. Twenty dedicated individuals who are trained as meeting facilitators comprise the group.
- **Cost Savings:** OIG approached the Interior Business Center to integrate hotel tax exemption forms into the travel reservation system, which will lead to fairly significant cost savings for OIG and DOI.

OIG also expanded collaboration and information sharing, thereby reducing its functional silos and geographic divides. Examples of improvement in this area include—

- the Non-Supervisory Focus Group, which sponsored several town halls to facilitate communication between senior executives and staff;
- adoption of SharePoint and Google Docs, which makes it possible to collaborate with coworkers in real time regardless of location; and
- audit and investigative teams comprised of members from multiple regional offices to reduce travel costs; and
- cross-training auditors and investigators to take advantage of different perspectives and skill sets.

Significant Mission-Related Achievements

With fewer than 300 employees and a budget that is one-fourth of one percent of DOI's budget, OIG must allocate its oversight resources carefully. Each year, leadership selects targeted categories to guide planning in the Office of Audits, Inspections, and Evaluations (AIE) and the Office of Investigations. Aligned with DOI's strategic plan, these categories communicate OIG priorities and help ensure that OIG addresses DOI's most vulnerable areas (see Figure 1).

Ninety-five percent of AIE's discretionary work and 89 percent of OI's work addressed one or more of the targeted categories. This report highlights our most significant audits, inspections, evaluations, and investigations in fiscal year 2013 with respect to improving the quality of DOI programs, addressing wrongdoing, and enhancing the capacity of DOI to provide good fiscal, environmental, and cultural stewardship of America's natural resources.

Targeted Categories	
Office of Audits, Inspections, and Evaluations	Office of Investigations
<ul style="list-style-type: none">• Asset protection• Climate change• DOI business processes• Energy• Health, safety, and security• Indians and Insular Areas• Water	<ul style="list-style-type: none">• Contracts and grant fraud• Energy• Ethical violations• Public Safety and Security• Scientific integrity

Figure 1. OIG targeted categories for fiscal year 2013.

Fiscal Stewardship in Minerals and Water

Audits, Inspections, and Evaluations

DOI must set fair market values for its resources to meet its fiduciary oversight of the Nation's energy, mineral, and water resources. This past year, OIG reviewed DOI's management of its helium and coal programs, which are managed by the Bureau of Land Management (BLM), focusing specifically on whether DOI realizes fair market value.

Helium

The Federal Government has controlled the helium market for almost a century through its position as a predominant supplier. BLM provides about 40 percent of the Nation's helium and approximately 30 percent of helium to the world market. OIG found that BLM prices its helium based on cost rather than market value. Since BLM intends to sell the majority of its helium inventory by 2020, it has a responsibility to realize fair market value.

OIG recommended that BLM work with DOI's Office of Minerals Evaluation to develop a process to identify the fair market value price of helium and for managing sales. OIG believes that implementation of its recommendations will allow BLM to meet its fiduciary responsibilities and sustain the program through 2020.

Coal Sales

Coal-burning power plants generate about half of the Nation's electrical power, and approximately 40 percent of the Nation's coal comes from public lands. As a result, coal mining on public lands is a significant source of revenue to the Federal Government. BLM oversees coal mining activities on Federal and Indian lands from which DOI collects more than \$1 billion in bonus and royalty revenues. In fiscal year 2012, bonuses and royalties exceeded \$2.4 billion. OIG identified significant weaknesses in BLM's oversight of coal sales that jeopardize the Government's ability to achieve a full and fair market value for coal leases.

OIG identified lost bonus revenues of nearly \$2 million in BLM's recent coal lease sales and \$60 million in potentially undervalued lease modifications. OIG also reviewed BLM's mine inspection and enforcement activities and discovered flaws that could prevent BLM personnel from detecting noncompliance with laws, regulations, and lease terms.

Water Contract

The Bureau of Reclamation (USBR) has invested billions of dollars to construct water supply projects, specifically in the Western States. By law, contractors who benefit from these projects must repay the Federal investment in irrigation and municipal and industrial facilities. To secure repayment, USBR enters into water service contracts that guarantee fixed water rates for 40-year terms. USBR must establish water rates that produce revenue sufficient to cover annual operations and maintenance costs and the appropriate share of fixed (capital) costs of the project.

OIG reviewed the Central Valley Project (CVP) in California—constructed in 1937 and provides water to more than three million acres of farmland, which produce crops worth \$3 billion each year, and to nearly 1 million households—to determine why contractors have made little or no progress repaying the investment. OIG found that CVP rate-setting policies, water projection methods, and contract provisions do not ensure that sufficient revenue is generated each year.

As of 2011, the total reimbursable Federal investment in CVP facilities providing water for irrigation and municipal and industrial purposes was \$1.3 billion. In 1986, Congress passed legislation addressing operational repayment deficits and required repayment of the Federal investment in by 2030. USBR must adjust CVP rate-setting policies to ensure sufficient revenue is generated to meet the deadline.

Investigations

DOI and DOJ recognize the high quality of OIG's investigative work, specifically related to funds recovered as a result of OIG's energy investigations. In 2013, OIG's energy-related investigations resulted in one felony plea, one misdemeanor plea, and \$2,417,250 in settlements.

Halliburton

On July 25, 2013, Halliburton pleaded guilty to destroying evidence related to the 2010 Deepwater Horizon oil spill in the Gulf of Mexico. This is the third guilty plea obtained by the Deepwater Horizon Task Force, consisting of investigators from OIG and DOJ. DOJ lead prosecutor John Buretta praised the OIG team for its "great work in developing the Halliburton evidence. The criminal guilty plea . . . would not have happened without their effort."

OIG staff also developed evidence that allowed monetary penalties for the outcomes of the Deepwater Horizon tragedy. OIG's Computer Crimes Unit provided invaluable forensic support recovering data from corporate-owned equipment.

Fraudulent Oil Leases

An investigation into allegations that an employee from Domestic Energy Solutions (DES), a private energy company, engaged in a fraudulent oil lease investment scheme on the Fort Peck Indian Reservation determined that this employee and five others solicited approximately \$673,406 from investors. The Bureau of Indian Affairs (BIA) provided OIG a copy of a letter from this employee to an investor in which the employee purported that a \$4,000 investment entitled the investor to a 0.5 percent ownership in DES and all income generated from three specific oil leases on the Reservation. Fort Peck Agency personnel confirmed that this employee did not own the oil leases referenced in the letter.

Underpayment of Royalties

As a result of OIG's investigation, Yates Petroleum Corporation (YPC) agreed to pay \$416,000 to settle civil claims that it submitted false statements and underpaid Federal mineral royalties associated with the measurement and reporting of natural gas produced from 12 Federal leases within Wyoming's Powder River Basin. Federal regulations required YPC to comply with all onshore lease requirements and BLM gas measurement standards. OIG found that YPC used gas measurement devices that did not comply with BLM measurement standards, and that YPC continued to use noncompliant devices on Federal wells until April 2012 despite notification from BLM in January 2009 that the devices were not approved for use. In addition, YPC submitted compliance plans stating it would comply with BLM standards but continued using the noncompliant devices.

Environmental Stewardship

DOI's oversight of Federal lands also encompasses the responsibility to protect the environment and preserve the country's natural resources for current and future generations. Where resource extraction has degraded the landscape, DOI and its bureaus have a responsibility to minimize the damage from resource extraction or to restore the land back to its original state.

Audits, Inspections, and Evaluations

Mining Reclamation

The Office of Surface Mining Reclamation and Enforcement (OSM) enforces Federal laws that require coal mining operators to restore mined lands to the approximate original contour (AOC), or former topography, after mining operations have ceased. After receiving a tip from OIG investigators, AIE reviewed OSM's effectiveness in ensuring that the Oklahoma Department of Mines properly enforced Federal laws. The inspection team visited 8 of the approximately 60 mining units in Oklahoma and confirmed that OSM does not fully enforce its AOC mandate; coal mining companies have not restored lands to the former topography. In some cases, mining companies have left dangerous mining pits that prevent landowners from using the land for its original purpose, and some mines have been abandoned for years. OIG recommended that DOI suspend the grant that funds Oklahoma's AOC enforcement program until the Oklahoma Department of Mines complies with applicable Federal laws.

Coastal Impact Assistance Program

At the request of the U.S. Fish and Wildlife Service (FWS), OIG audited Coastal Impact Assistance Program (CIAP) funds awarded to the State of Mississippi. DOI awards CIAP grants, which are derived from Federal offshore lease revenues, to eligible oil-producing States for conservation, protection, or restoration of coastal areas, wildlife, and natural resources. From fiscal years 2009 through 2012, the State of Mississippi's Department of Marine Resources and Hancock, Harrison, and Jackson Counties received 100 CIAP grants totaling \$99.8 million.

OIG auditors identified gross misuse of grants by the State of Mississippi, including grants that did not meet criteria in CIAP legislation, widespread conflicts of interest in the administration of CIAP and land purchases, improper land appraisals, circumvention of procurement regulations, improper charges to grants, improper use of equipment, and various accounting, payroll, and financial issues. Of the almost \$39 million in OIG's sample representing 57 grants, OIG questioned approximately \$30 million in CIAP-ineligible and unsupported costs and funds to be put to better use.

Investigations

Clean Water Act Violations

OIG and the U.S. Environmental Protection Agency jointly investigated W&T Offshore Inc. (W&T) for falsely representing the levels of pollutants contained in its water samples. W&T, who operated an offshore facility for oil and gas production in the Gulf of Mexico, was required to conduct its production in accordance with a National Pollutant Discharge Elimination System permit, limiting the type and amount of pollutants that W&T was legally allowed to discharge into the Gulf. W&T failed to follow prescribed procedures and testing outlined by the permit.

On at least six occasions, employees of a contractor working for W&T ran the water samples through coffee filters before submitting them to a laboratory for testing. By filtering the water, the contractor negated the authenticity of the water samples, decreasing regulatory oversight on W&T and reducing additional costs to which W&T may have been subjected.

W&T pleaded guilty in the U.S. District Court for the Eastern District of Louisiana to one felony count of tampering with, falsifying, or rendering inaccurate a monitoring method required to be maintained under the Clean Water Act and one misdemeanor count of negligent discharge of oil into the navigable waters of the United States. The company was ordered to pay the United States a monetary penalty of \$1 million, placed on probation for 36 months, and ordered to pay a special assessment fine of \$525.

Wire Fraud in Guam

OIG investigated the operations manager of CHB International, Inc., for attempting to defraud the Government by knowingly supplying noncompliant equipment to DOI. CHB was contracted to supply and install emergency generators with shelters for five public schools in Guam. The operations manager knew that the generators were required to meet U.S. Environmental Protection Agency (EPA) standards but devised a scheme to defraud the Government of Guam and DOI by supplying generators manufactured in China that she knew did not meet EPA standards. The operations manager pleaded guilty in U.S. District Court for the Territory of Guam to one count of wire fraud.

Public Safety

DOI faces numerous challenges in its responsibility to ensure public safety. DOI oversees thousands of dams and bridges on public lands and receives millions of visitors to the National Parks every year. Aging infrastructure and declining resources to maintain DOI assets pose very obvious threats to public safety should old dams or bridges fail, while other potential risks are less obvious but no less significant.

Audits, Inspections, and Evaluations

Federal Dam Safety

OIG reviewed management practices of five bureaus that manage Federally owned dams—BLM, the National Park Service, OSM, BIA, and FWS. DOI manages more than 2,600 dams across the Nation, with 584 dams classified as significant or high hazard. Significant-hazard dams are those whose failure could result in loss of life; high-hazard dams are those whose failure would not cause a loss of life but could result in a significant economic loss. DOI policy requires that emergency action plans (EAPs) be prepared for all significant- and high-hazard dams.

OIG found that the bureaus either have no requirement for EAPs to be in place for high-hazard dams or have not adequately reviewed, exercised, or formalized the EAPs that are in place. OIG also found that bureaus do not document exercises conducted or equipment verification. While the incidents that occur at DOI's dams have not resulted in dam failure, they put the public and property at risk.

Yosemite National Park Hantavirus Outbreak

During the summer of 2012, Yosemite National Park experienced a Hantavirus outbreak. Nine of the 10 cases were linked to individuals staying in tent cabins in Yosemite's Curry Village Campground. These cabins had previously served as NPS employee housing and converted into guest accommodations in 2009. As part of the conversion, the concessionaire, Delaware North Companies Parks and Resorts (DNC), "winterized" the 91 cabins by adding ceiling rafters and wall studs. Ridged foam insulation was fitted between the wooden structural components. It was within these insulated walls that the infected deer mice—carriers of the Hantavirus—built their nests.

Our inspection of NPS's policies and procedures determined that NPS followed its current policy with respect to its review and approval of concessionaire plans and proposals, pest monitoring and management activities, inspection of visitor accommodations operated by the concessionaire, and dissemination of information about Hantavirus and other vector-borne diseases. We also found that when the outbreak was identified, NPS mobilized to contain and remediate it and to prevent further outbreaks.

Investigations

U.S. Park Police

OIG conducted simultaneous, unannounced inspections of weapons at U.S. Park Police (USPP) facilities after receiving an anonymous complaint regarding the management and supervision of the USPP firearms program. OIG found that staff at all levels—from firearms program managers to their employees—had no clear idea of how many weapons they maintained due to incomplete and poorly managed inventory controls. As a result, OIG discovered hundreds of handguns,

rifles, and shotguns not accounted for on official USPP inventory records. The inability to properly account for and monitor weapons creates an environment where weapons are vulnerable to theft or misuse.

We also found that individuals appointed to oversee the program, which includes accountability for all USPP weapons, gave only minimal supervision to officers and other program staff having access to unassigned weapons. Firearms managers accepted verbal assurance that firearms inventories were completed correctly rather than taking personal responsibility for accuracy. This situation created discrepancies between firearms accounted for in the USPP inventory and those weapons that were on hand but not included in inventory records. USPP failed to comply with DOI policy governing firearms.

Due to the noncompliant and ad hoc USPP firearms inventory method, OIG could not determine whether any USPP personnel had taken weapons for unauthorized use. USPP's inability to consistently and accurately account for weapons left us with insufficient data on which to base such a determination.

Indian and Insular Affairs

DOI oversees government-to-government relations with Federally recognized American Indian Tribes and Alaska Natives and coordinates Federal policy and assistance to U.S. Territories and Freely Associated States. Since the settlement of *Cobell v. Salazar*, OIG has monitored the implementation of the Indian land consolidation program and related funding agreements. In Guam, we examined the impact of the U.S. military and Federal Government expansion on Guam's capacity to protect public safety.

Audits, Inspections, and Evaluations

Indian Land Consolidation

At the request of former Secretary Salazar, OIG has monitored and evaluated the funding appropriated to DOI to settle *Cobell v. Salazar*. Since 2011, we have issued periodic management advisories regarding the Indian land consolidation program and proper use of funding agreements. The land consolidation program component of the *Cobell* settlement provided \$1.9 billion to American Indians to purchase fractionated interests in trusts or restricted land from a willing seller, at fair market value, within a 10-year period.

DOI holds in trust about 56 million acres for American Indians with 10 million acres held for individual American Indians and nearly 46 million acres for Indian tribes. As a result of the Dawes Act, reservation land was divided up and allotted to individual tribal members. When an allottee died, title ownership was divided up amongst all of the heirs. With the passing of each successive generation, the number of owners grew exponentially while the interests held by individuals shrunk.

In June 2012, OIG issued an advisory report on probate and estate planning activities related to Indian land consolidation. OIG found that the purchase option at probate had not been used due to concerns by the Office of Hearings and Appeals as to the type of sale and the suitability of appraisals.

In 2013, we examined the implications of various funding instruments used by DOI to involve the tribes in implementing the land consolidation program. DOI bureaus and officers are required to use the appropriate funding instrument when acquiring property and services or providing financial assistance. Our advisory examined DOI's statutory obligations and constraints under each instrument—procurement contracts, grants agreements, and cooperative agreements—and the extent to which BIA may transfer responsibility to the tribes.

Guam Public Safety

OIG evaluated Guam's public safety program to determine Guam's ability to meet the safety and response needs of its citizens following the potential buildup of U.S. Marine forces in Guam. OIG determined that the increase in population will challenge the already stretched capacity of Guam's Police Department (GPD), Fire Department (GFD), and Homeland Security (GHS). The Government of Guam's (GovGuam) public safety program is not well planned or funded and has shortages in staffing, infrastructure, vehicles, maintenance, and training. GHS is most prepared to meet the needs of Guam's citizens, but it receives 100 percent of its budget from Federal funds with no plan to cover the losses of a Federal revenue stream that will decrease due to grant fund reductions.

Many of the weaknesses OIG found resulted from inadequate planning and an overreliance on Federal funding. OIG recommended that GovGuam identify needs, resources, and service expectations for GPD and GFD and establish a review process to determine if goals are achieved. We also recommended that GovGuam improve the tax collection process and make adjustments to GovGuam's tax and fee revenue structure to develop local sources of revenue.

Capacity Building in the Pacific Insular Areas

OIG has been providing training and technical audit, evaluation, and investigative assistance for the Offices of Public Accountability (OPA), or equivalent agencies, in the Pacific Insular Areas. Supported by funding from DOI's Office of Insular Affairs (OIA), this initiative helps us maintain partnerships throughout the Pacific Insular Areas and contributes to each jurisdiction's ability to monitor the use of Federal and local funds.

Training topics have included fundamental concepts in governmental finance and accounting; risk and internal controls; audit and evaluation standards; fraud; and investigative techniques. In addition, we provided technical assistance to the Office of Auditor General for the Republic of the Marshall Islands by reviewing its ongoing audit work and providing suggestions for effective approaches in keeping with professional standards.

In fiscal year 2013, we provided training in seven jurisdictions, including the Republic of Palau; the National government of the Federated States of Micronesia and individual states of Pohnpei, Kosrae, and Yap in the Federated States of Micronesia; Guam; and American Samoa.

Business Processes

Audits, Inspections, and Evaluations

Travel Management Practices

DOI spends about a quarter of a billion dollars each year on travel, making management of travel funds across DOI and its bureaus a priority. OIG audited DOI's GovTrip use and monitoring

based on limitations in GovTrip discovered during a prior evaluation. Some of those limitations included DOI's inability to freely access travel system reports from GovTrip and uncertainty regarding the reliability of the data in those reports.

Our review of fiscal years 2009 and 2010 included testing of more than 700 travel vouchers, reviewing 300 charge card statements, and interviewing 100 travel personnel across DOI. We found significant weaknesses in the design of the system and DOI's management of the travel process, presenting an opportunity for travel management improvements on a DOI-wide basis.

In our recent review, we identified common issues and systemic weaknesses, as well as specific management deficiencies unique to each bureau or office. Overall, we found that inadequate contract requirements and system implementation caused internal control deficiencies and inhibited DOI's ability to manage travel. In addition, DOI's management of the travel process has not ensured that Federal travel rules and regulations are followed, that travel costs are adequately documented and valid, or that travel is consistently managed.

Landscape Conservation Cooperatives

Landscape conservation cooperatives (LCCs) leverage resources and encourage science-based inquiries to respond to landscape-level stressors, including climate change. DOI supports the LCCs through grants and cooperatives; in fiscal years 2010 and 2011, DOI set aside \$88.3 million to manage LCCs. OIG reviewed 6 of DOI's 22 LCCs to determine if FWS properly manages funding.

OIG found significant issues that, if not addressed, could put millions of dollars at risk and undermine public support for this valuable work. Our concerns included selection and awarding of financial agreements through LCCs; ineffective implementation of internal document controls; inadequate public notice; questionable relationships between LCC coordinators and grant recipients; insufficient training of key personnel responsible for grants management and operational aspects of LCCs; and questioned costs.

Investigations

Fraudulent Contract Payments

OIG assisted the National Aeronautics and Space Administration OIG, the Small Business Administration OIG, and the U.S. Department of Homeland Security OIG during an investigation into two employees of an Arlington, VA, security company. The two employees fraudulently obtained more than \$31 million in contract payments that should have gone to disadvantaged and small businesses. DOI's National Business Center contracted with one of the businesses in 2010, with payments totaling \$52,682 subject to restitution. Both employees pleaded guilty.

Credit Card Abuse

OIG investigated a U.S. Geological Survey employee for misusing his Government-issued credit card. The employee charged \$38,431 in merchandise for personal use and concealed the illegitimate purchases by altering receipts to make them appear to be information technology purchases for use in the office. The employee pleaded guilty to one count of theft of Government funds.

OIG investigated a second case of misuse of a Government-issued credit card. An office manager in the Office of the Secretary made unauthorized purchases that did not pertain to official Government business. The employee agreed to pay personal restitution in the amount of \$18,343 to the financial institution that issued the purchase card.

Prevention Efforts: Capacity Building

OIG continues to develop its capacity to anticipate and prevent fraudulent activity and other wrongdoing. The Outreach and Analysis Unit (OA) will strengthen OIG's ability to detect and respond quickly to allegations of fraud, waste, and mismanagement. OA, which is staffed with investigators, auditors, and program analysts, has three areas of responsibility: outreach, analytical support, and the acquisition fraud specialist program.

Outreach

Our response to Super Storm Sandy illustrates the extent to which we have advanced our prevention capacity. We know from past work that the pressure to distribute funds quickly creates conditions conducive to fraud. After the storm destroyed much of the Eastern seaboard in October 2012, Congress appropriated \$829.2 million to DOI to repair damage to land, buildings, and infrastructure. As a result, we launched outreach sessions on fraud prevention to DOI personnel and contractors, analyzed contracting actions to identify high risk actions, and conducted contract audits where the data suggested a high level of risk.

By the end of fiscal year 2013, our fraud prevention teams had conducted 58 outreach sessions with DOI bureaus with over 1,700 Federal employees receiving instruction in fraud schemes, fraud indicators, and how to report fraud. These briefings gave us a high level of visibility and allowed us to connect with and educate bureau personnel on fraud schemes and indicators and hotline reporting. OA employees also participated in two procurement outreach events in which they engaged with approximately 325 Federal employees and Federal contractors. Attendees viewed OIG's interactive fraud prevention program at OA's conference booth, allowing OIG to reach beyond its traditional audience.

Analytical Support

OA's second area of responsibility involves analytical support. OA scrutinized contract actions and uncovered \$54,117,154 in discrepancies between the Financial and Business Management System and the Federal Procurement Data System – Next Generation. OA uses a variety of data sources and methods to identify potential fraud and waste and is building a data system that pulls and merges data from numerous DOI and other Federal and public domain databases. As OA's data collection capabilities mature, other OI and AIE staff will gain access to some of these databases to research cases more effectively.

OA faces some challenges, and staff admits they are cautious when drawing conclusions because the data system is still under development. OA must also ensure that, while reviewing this data, OIG complies with the Computer Matching and Privacy Protection Act.

Acquisition Fraud Specialist Program

The third area of responsibility for OA involves the Acquisition Fraud Specialist program, which involves 10 special agents or investigators who volunteered to receive specialized training in Federal contracting and financial assistance. These trained individuals provide subject matter expertise to case agents on Federal acquisition and grant matters, including support on technical issues, contract reviews, and interviews.

Suspension and Debarment

OIG's collaboration with DOI to create a process for implementing compliance and ethics agreements has resulted in improved compliance and ethics programs in companies that have entered these agreements with DOI. A compliance and ethics agreement is used in lieu of suspension or debarment between a company or individual and an agency and typically includes acceptance of responsibility for the conduct that gave rise to the agreement, a requirement for a code of ethics, a training program for all employees, an audit and internal control program, a compliance program, and a mechanism for reporting misconduct. Violating the agreement provides an independent cause for debarment.

One agreement recently concluded after a 3-year period illustrated the benefits of the compliance and ethics agreement process. At the start of the agreement, the company had a decentralized compliance and ethics program with no executive responsible for the company's compliance and ethics program and inconsistency regarding compliance requirements. During the 3-year period, we reviewed the work of the third-party monitor as well as the company's adherence to the terms of the agreement. The company now has a well-integrated compliance officer responsible for the development and maintenance of the company's compliance and ethics program, an enhanced culture of compliance and ethics, an internal monitoring and audit program, written procedures for investigating and addressing violations of corporate policy or law, and a training and education program. The firm's parent company recognized the value of this process and indicated it will implement a similar program at the parent company.

OIG continues its support of DOI and the Federal Government in excluding nonresponsible parties from receiving Federal awards. In FY 2013, OIG referred 18 companies for suspension and 31 companies for debarment. DOI suspended or debarred a total of 53 companies. At the same time, DOI and OIG efforts can result in enhanced compliance and ethical behavior within companies, while allowing them to remain eligible for awards and preserving American jobs.

Whistleblower Protection and Ombudsman Program

Whistleblower protection has been a priority action item for Congress, the White House, and Federal agencies. In 1 short year, whistleblower protection was significantly expanded by the Whistleblower Protection Enhancement Act of 2012; Presidential Policy Directive 19, enacted on October 10, 2012, requiring agencies to establish procedures to protect whistleblowers with access to classified information; and the National Defense Authorization Bill of 2013, which was a 4-year pilot program affording Federal contractors whistleblower protection. The American Recovery and Reinvestment Act of 2009 provided non-Federal employees whistleblower protection for disclosures relating to ARRA funds.

OIG made additional programmatic adjustments and improvements in response to these laws. Updated and targeted whistleblower protection training and use of management advisories have helped to both prevent reprisal and to hold management and executive leadership accountable regarding employee disclosures. These efforts, coupled with the Office of Investigations' investigations of whistleblower complaints, result in an informed constituency and a departmental culture opposed to reprisal.

Continuous Improvement

Freedom of Information Act Performance

Our efforts to process Freedom of Information Act (FOIA) requests more expeditiously was recognized by DOI's FOIA Office. In fiscal year 2013, the OIG FOIA team exceeded DOI's goal of reducing our backlog by 266 percent. The hard work by the OIG FOIA team has reduced the number of backlog cases to its lowest point in over 5 years.

In fiscal year 2013, the team also had set a goal to complete its seven oldest requests. The team exceeded that goal and successfully closed out 10 of its oldest requests. As a result, DOI was able to meet one of DOJ's top FOIA priorities of closing out old cases.

Internal Training

In response to reduced resources for staff training, OIG filled the void by developing and delivering training to OIG staff throughout the country on a variety of topics like communication, ethics and other legal issues, and auditing:

- An internal communication team developed and delivered a 1-day communication skills workshop to 42 OIG managers. The workshop gave managers an opportunity to learn, practice, and share ideas on how to integrate these skills into daily communication with staff. The managers discussed communication issues and challenges and participated in exercises and role playing developed to replicate OIG issues and scenarios. Training modules ranged from the cornerstones of communication, communication competencies and responsibilities, communicating important information, and conducting difficult conversations.
- Attorneys in the Office of General Counsel provided live training at our California, Virginia, and Georgia Offices, as well as online training. They also posted training materials on a variety of subjects relevant to our employees on the Hub.
- AIE staff also provided internal training on topics including conducting risk assessments, selecting and documenting samples, and roles and responsibilities of the AIE Quality Assurance Unit.

Process Improvement

OIG has emphasized the importance of process improvement since 2008 when the Office of Investigations built new safeguards into its documentation and reporting processes. In 2010, AIE streamlined and standardized its reporting process, and in 2012, the Office of Management (OM) began a multiyear effort to make the OIG's administrative and management processes more efficient through automation and standardization. With the acquisition of workflow software (AMP) in 2013, OM has automated eight processes with six more in progress and four slated for the future (see Figure 2).

The majority of the 487 actions processed in fiscal year 2013 involved micro-purchase and purchase approval and requests for editorial support from the Communications and Reports Unit (CRU). Automating manual processes should reduce error while making it easier to produce real-time data on OIG activities. The automation process includes internal controls that are built into

the system to reduce risks. Automated emails provide updates to users, make the process more transparent, and improve customer service. OM has provided training, support, and tips to ease use of the automated workflows.

Automated Processes	In Progress	Future Processes
AMP Help Desk (3)	CRU Expansion for AIE and OI Reports	Employee Offboarding
Awards & Recognition (9)	Contractor Onboarding	Individual Development Plans
Communications & Reports Unit (CRU) Help Desk (180)	Employee Onboarding	Information Technology Helpdesk
Employee Reassignment (5)	Facilities Help Desk Expansion	Inspector General Awards Process
Facilities and Operations Service Desk (6)	Human Resources Actions	
Human Resources (HR)	Human Resources Help Desk	
Micropurchase & Purchase Approval Form (284)	Micropurchase Redesign Training for 15 AMP Super Users	
Telework Agreement		

Figure 2. Completed and in-progress automation projects, with numbers in parentheses representing the number of actions processed in each category.

Collaboration and Employee Engagement

The Hub, OIG’s Intranet, contributed to an increase in collaborative efforts and employee engagement. Before the Hub, staff often complained about not knowing of activities happening across the organization. To date, 53 different groups use the Hub to work collaboratively on mission-related jobs and OIG-wide efforts.

The Hub also provides a vehicle for engaging employees in OIG-wide efforts, many of which stemmed from employee suggestions. OIG recently established the “Ideas into Action” community site to capture and develop staff ideas.

Ideas into Action

Ideas into Action (IIA) provides a vehicle for capturing staff suggestions. Adopting the motto that small steps lead to big changes, the IIA team encouraged OIG employees to submit any idea to improve OIG operational efficiency. The team reviews all suggestions and presents them to senior leadership. Since the start of the initiative in October 2012, staff have offered 26 ideas,

and submissions have ranged from large-scale ideas, such as reducing the number of OIG-issued BlackBerrys, to easily executed ideas, like setting copy machine defaults to double-sided to reduce paper use.

Two of our more substantial projects from IIA that will be developed this year:

- **Help Wanted Site.** This site will provide a place for OIG employees in need of short-term assistance to post requests. This community will drive collaboration and provide opportunities for staff to become involved with projects outside of their day-to-day work.
- **Effective Meetings.** Another suggestion regarding time spent in lengthy meetings led to development of a small group of staff tasked with developing guidance on how to deliver and share information more effectively. The group will begin outreach and education efforts later this year.

Facilitation Community

The facilitation community, a self-managing community of practice that provides resources and assistance to facilitators, started up as a final implementation effort from the AIE Report Process Team. In 2011, the team recommended formal training for self-nominated employees who wanted to facilitate events associated with the AIE performance report process.

To date, more than 20 employees have volunteered for and received facilitation training. Employees across the organization have used facilitators during OIG meetings. The community elected a lead coordinator to drive its mission and coordinate its efforts, and a senior executive serves as advisor and advocates for facilitation at the executive level.

Staff Initiatives

Three other staff-inspired initiatives will launch this year:

- **Tax Exempt Forms.** One employee-inspired idea to embed the tax exempt form into the travel reservation process expanded into a Departmentwide effort. Government travelers are, most often, exempt from hotel taxes when on official Government travel, and embedding the tax exempt form into the reservation process would make it more likely for travelers to apply for the exemption. DOI agreed when OIG asked DOI to embed a link in the reservation confirmation email, and DOI asked Duluth Travel to add it to the confirmation email for each bureau. Concur Government Edition, the new DOI travel management system, will also include a link to the form in the “Important Information” section.
- **Skills Hub.** The Skills Hub will help identify ways to develop staff in priority areas by capitalizing on existing knowledge of OIG employees. The Skill Hub aims to close the gap on sharing knowledge within the organization.
- **Mentoring Program.** The Non-Supervisory Focus Group sponsored this employee-driven initiative that aims to leverage internal resources to provide career development opportunities and professional support OIG-wide.

Telework and Mobility Recognition

The Mobile Work Exchange, a public-private partnership focused on demonstrating the value of mobility and telework, awarded OIG the 2013 Largest Leap in Telework/Mobility award. OIG was 1 of 8 programs out of 55 applicants to receive an award.

The award recognizes our organization's commitment to work-life balance, cost savings, and innovation. OIG launched its telework program in 2009 to improve its ability to recruit and retain employees by enhancing work-life balance and reducing commute times, to make better use of limited resources by cutting real estate costs, and to ensure continuity of operations in times of emergencies.

In just 3 years, OIG transitioned from inconsistent implementation of and resistance to telework to a participation rate of over 98 percent. In 2012, employees accrued close to 80,000 telework hours, an increase of nearly 500 percent from the 14,000 hours accrued in 2009.

To ensure employee mobility, OIG implemented WebEx, SharePoint, wireless technology, and high-quality conference phones to focus on maintaining communications with supervisors and among teams across geographic boundaries. The switch to cloud-based email provides even more flexibility. Staff can access their official email from any device, making it easier to stay connected and productive when working at home or offsite.

The Mobile Work Exchange praised OIG, saying: “. . . by balancing the introduction of new innovations to cut agency costs and promoting a positive working environment, the OIG has seen tremendous cost savings and higher employee satisfaction through its successful telework leap.”

Quantifiable benefits demonstrate our success at meeting the program's three primary goals: work-life balance, cost savings, and continuity of operations. In the 2012 Best Places to Work survey, OIG was ranked eighth among agency subcomponents on work-life balance, and job satisfaction far exceeded Governmentwide averages. In addition, successful employee participation in a mandated telework day allowed us to test emergency preparedness, while simultaneously allowing us to evaluate and make improvements to the telework program.

Next Steps

The new fiscal year brings challenges and opportunities to OIG. The funding of the Federal Government through short-term continuing resolutions and another round of budget reductions in fiscal year 2014 reinforce the need to use our resources—people, money, and technology—strategically.

Over the past few years, OIG has focused extensively on improving core internal processes and expanding outreach to DOI officials and the Federal Government contracting community. In fiscal year 2014, we will revamp the performance management system, an initiative that began more than a year ago when a committee of staff and managers conducted an extensive review of OIG's performance management. Leadership accepted the team's recommendations, but the recommendations still need to be implemented.

Our aspirations, however, go beyond revising our performance assessment criteria. Leadership seeks to build the reflective capacity of the organization so that we continuously learn from our experiences and incorporate best practices into how we conduct our work. Managers and staff already have some tools to engage in open and constructive feedback. OIG managers are required to meet one-on-one weekly with staff; communication training emphasized techniques for providing feedback and conducting difficult conversations. We also recently launched guidance on how to conduct after-action reviews (AARs), which teams can use to discuss, openly and constructively, elements of their projects that were successful and identify changes to be incorporated into future work.

Fiscal Year 2013 Organizational Measures

Acting Deputy Inspector General and Chief of Staff	Actual	Target
A. Percent of OIG travel that is mission related	88%	60%
B. Percent of OIG discretionary work performed by AIE and OI that is within the established targeted categories	90%	70%
C. OIG Communication Index Score for OIG (% positive) on the 2013 Federal Employee Viewpoint Survey <ol style="list-style-type: none"> 1. I have enough information to do my job well. 2. I know how my work relates to the agency's goals and priorities. 3. Managers communicate the goals and priorities of the organization. 4. Managers promote communication among different work units. 5. How satisfied are you with the information you receive from management on what's going on in your organization? 	75%	64%
D. OIG Leaders Lead Index Score for OIG (% positive) on the 2013 Federal Employee Viewpoint Survey <ol style="list-style-type: none"> 1. In my organization, leaders generate high levels of motivation and commitment in the workforce. 2. My organization's leaders maintain high standards of honesty and integrity. 3. Managers communicate the goals and priorities of the organization. 4. Managers review and evaluate the organization's progress toward meeting its goals and objectives. 5. I have a high level of respect for my organization's senior leaders. 6. How satisfied are you with the policies and practices of your senior leaders? 	58%	49%
E. OIG Employee Engagement Index Score for OIG (% positive) <ol style="list-style-type: none"> 1. I feel encouraged to come up with new and better ways of doing things. 2. My work gives me a feeling of personal accomplishment. 3. I know what is expected of me on the job. 4. My talents are used well in the workplace. 5. I know how my work relates to the agency's goals and priorities. 	76%	70%
Office of Investigations	Actual	Target
A. Percent of OI discretionary work that is within the established targeted categories	89%	70%
B. Percent of non-judicial investigations completed within 1 year of open date of assignment in accordance with established standards	89%	80%

C. Percent of OI travel budget that is mission related	88%	70%
D. OIG Communication Index Score for OI (% positive)	76%	64%
E. OIG Employee Engagement Index Score for OI (% positive)	81%	70%
Office of Audits, Inspections, and Evaluations	Actual	Target
A. Percent of audits and evaluations opened and issued during fiscal year 2013 that contain recommendations and result in a Notice of Potential Finding and Recommendation	90%	70%
B. Percent of evaluations that complete referencing within 10 business days from when referencing began	87%	70%
C. Percent of AIE travel that is mission related	90%	70%
D. OIG Communication Index Score for AIE (% positive)	73%	64%
E. OIG Leaders Lead Index Score for AIE (% positive)	54%	49%
Office of General Counsel	Actual	Target
A. Percent reduction in the number of pending FOIA matters that existed at the beginning (66 cases) of the fiscal year.	59% or 39 cases	30% or 22 cases
B. Number of oldest FOIA matters processed that existed at beginning of the fiscal year	10	7
C. Number of new subjects identified, developed, and delivered by Office of General Counsel, in consultation with AIGs	5	2
D. Percent of OIG employees who receive training by OGC and who respond to the survey that they would recommend the training to colleagues performing similar work	95%	40%
E. OIG Communication Index Score (% positive)	75%	64%
Office of Management	Actual	Target
A. Percent positive feedback score for Office of Management Help Desks	93%	80%
B. Average days to process and distribute reports in accordance with OIG policy	10.7 days	9 days
C. OIG Communication Index Score ¹	75%	64%

¹ Because we did not receive survey scores for OIG's Office of Management, the scores reported here are for all OIG.

D. OIG Leaders Lead Index Score	58%	49%
E. OIG Employee Engagement Index Score	76%	70%