



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

# Semiannual Report to Congress



April 2012

Cover photo of Glen Canyon Dam in northern Arizona,  
courtesy of Lisa Powell, OIG.

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

**April 2012**

October 1, 2011 - March 31, 2012

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## About DOI and OIG

**The U.S. Department of the Interior (DOI)** is a large, decentralized agency with employees and volunteers serving in approximately 2,400 operating locations across the United States, Puerto Rico, U.S. territories, and freely associated states. DOI is responsible for 500 million acres of America's public land, or about one-fifth of the land in the United States, and 56 million acres of Indian Trust lands. DOI is also responsible for a variety of water and underwater resources, including hundreds of dams and reservoirs and thousands of oil and gas leases on millions of acres of the Outer Continental Shelf. Approximately 30 percent of the Nation's energy production comes from projects on DOI-managed lands and offshore areas. DOI scientists conduct a wide range of research on biology, geology, and water to provide land and resource managers with critical information for sound decisionmaking. DOI lands also provide outstanding recreational and cultural opportunities to numerous visitors worldwide.

**The Office of Inspector General (OIG)** promotes excellence, integrity, and accountability in these DOI programs. With fewer than 300 employees, the organization is driven by a keen sense of mission and dedicated to providing products and services that impact DOI mission results.



## Message from the Acting Inspector General



One of the most effective, but often underutilized, tools for combating fraud, waste, and mismanagement in Government is a legal process called suspension and debarment whereby a company or an individual that has acted improperly or without integrity is prevented from participating in Government contracts, subcontracts, loans, grants, or other assistance programs. The OIG's suspension and debarment program has been recognized as one of the more robust in the Inspector General (IG) community and lauded for exemplifying best practices. An in-depth review on our program begins on page 1 of this Semiannual Report.

We rejuvenated our suspension and debarment program in 2009 because we recognized its effectiveness. With our assistance and acting on our referrals over the past 3 years, DOI has suspended or debarred over 130 firms and individuals. A Government Accountability Office report to Congress last year noted that the most effective suspension and debarment programs included dedicated staff, issued detailed implementation guidance, and encouraged an active referral process. DOI's program exemplifies each of these characteristics. A recent report by the Council of the Inspectors General on Integrity and Efficiency identified DOI OIG as one of the few agencies that assigns staff to periodically review all OIG investigative, audit, and inspection reports for convictions, pleas, and other information that might merit suspension and debarment consideration.

We have also gone beyond suspension and debarment actions to develop a process for implementing compliance and ethics agreements with companies facing potential suspension or debarment. These require acceptance of responsibility for improper conduct, training for employees, audits and internal controls, a mechanism for reporting misconduct, and appointment of third party monitors.

In addition, OIG has provided training to more than 650 special agents, investigators, and contracting and grants officials across DOI bureaus over the past 3 years on how to detect fraud and to refer matters to OIG for review. Our training has also included outreach to other Federal agencies within and outside the IG community.

OIG's significant activities over the past 6 months have also included a number of reports by our Office of Audits, Inspections, and Evaluations on issues ranging from improved monitoring of conservation easements by the U.S. Fish and Wildlife Service to financial savings for DOI and enhanced environmental stewardship by reducing Government travel through the use of video conferencing technology. In addition, cases by our Office of Investigations have targeted financial fraud, from significant misuse of Government credit cards to embezzlement of Federal funds by tribal officials. We have also continued our sharp focus on the collection of oil and gas royalties and operations compliance. These and other significant accomplishments are described throughout this Semiannual Report.

A handwritten signature in black ink, appearing to read "Mary L. Kendall". The signature is fluid and cursive, with the first name "Mary" being more prominent.

Mary L. Kendall  
Acting Inspector General

# OIG Operating Principles

## Mission

OIG's mission is to provide independent oversight and promote excellence, integrity, and accountability within the programs, operations, and management of the U.S. Department of the Interior.

## Values

OIG operates as an independent oversight organization responsible to the American people, DOI, and Congress. We abide by the highest ethical standards and have the courage to tell our customers and stakeholders what they need to know, not what they wish to hear. Our core values help us fulfill our mission and include—

- placing highest value on objectivity and independence to ensure integrity in our workforce and products;
- striving for continuous improvement; and
- believing in the limitless potential of our employees.

## Responsibilities

OIG is responsible for independently and objectively identifying risks and vulnerabilities that directly impact DOI's ability to accomplish its mission. We are required to keep the Secretary and Congress informed of problems and deficiencies relating to the administration of DOI programs and operations. As a result of us fulfilling these responsibilities, Americans can expect greater accountability and integrity in Government program administration.

## Activities

OIG accomplishes its mission by conducting audits, inspections, evaluations, assessments, and investigations relating to DOI programs and operations. Our activities are tied to major departmental responsibilities and assist DOI in developing solutions for its most serious management and program challenges. These activities are designed to ensure that we prioritize critical issues. Such prioritizing provides opportunities to influence key decisionmakers and increases the likelihood that we will achieve desired outcomes and results that benefit the public.

# **Office of Inspector General**





## **Suspension and Debarment Program Praised for Best Practices**

In 2009, OIG teamed with DOI's Acquisition and Property Management Office to rejuvenate a suspension and debarment program now lauded in the Federal community as exemplifying best practices. Suspension and debarment actions prevent companies and individuals from participating in Government contracts, subcontracts, loans, grants, or other assistance programs, and protect the Government from doing business with companies or individuals that pose a business risk. We are one of the few OIGs with a staff dedicated entirely to referring suspension and debarment actions to its agency.

OIG's suspension and debarment capabilities continue to expand, allowing DOI to exclude an increasing number of firms or individuals from receiving Federal awards based on questionable qualifications and business integrity or poor performance. With our support, DOI has enhanced its monitoring of firms that previously exhibited inadequate Federal fund management. Since the revitalization of the program 3 years ago, DOI has suspended or debarred 130 firms or individuals and entered into compliance and ethics agreements—an agreement in lieu of suspension or debarment—with 2 firms and 2 individuals.

Congress has recognized suspensions and debarments as effective tools to protect the Federal Government's business interests and ultimately those of American taxpayers. Last year, Congress commissioned the Government Accountability Office (GAO) to conduct a study of suspension and debarment programs across the Federal Government. In its report, "Suspension and Debarment: Some Agency Programs Need Greater Attention, and Government Oversight Could Be Improved," GAO noted that the most effective and successful programs staffed dedicated employees, issued detailed implementation guidance, and encouraged an active referral process. DOI's program exemplifies each of these characteristics.

Like GAO, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) also issued a report focused on suspension and debarment. The report, "Don't Let the Toolbox Rust: Observations on Suspension and Debarment, Debunking Myths, and Suggested Practices for Offices of Inspectors General," noted DOI's comprehensive policy, which includes detailed descriptions of the roles and responsibilities of agency and OIG program managers and employees for the day-to-day administration of suspensions and debarments, as well as protocols for identifying potential suspension and debarment candidates, drafting referral memoranda and notifications, tracking actions, and handling post-notification procedures.

The CIGIE report recognized DOI OIG as one of the few agencies that assigns staff to periodically review all OIG investigative, audit, and inspection reports for convictions, pleas, and other information that might merit suspension and debarment consideration. The former Chair of the Interagency Suspension and Debarment Committee, Willard D. Blalock, praised DOI for taking "aggressive steps to strengthen their suspension and debarment programs."

DOI policies require DOI contracting officers and nonprocurement award officials to refer all terminations for cause or default of Federal awards to OIG for review. In recognition of the successful collaboration between us and DOI, DOI's debarment official and OIG's suspension and debarment personnel hosted a panel on effective OIG and agency coordination at the CIGIE Suspension and Debarment Conference in October 2011.

In addition, DOI is the only agency to have debarred a company for failure to fulfill its reporting requirements under the American Recovery and Reinvestment Act (ARRA). In response to the President's April 2010 memorandum, "Combating Noncompliance with Recovery Act Reporting Requirements," we developed a strategy to address each recipient of an ARRA award that failed to fulfill its Section 1512 reporting responsibilities under ARRA for two consecutive quarters. In such cases, we send a letter to the non-reporter advising the company that it will be recommended for debarment if it fails to fulfill its reporting requirements for a third consecutive quarter. The letter also sets forth the consequences of debarment. This proactive approach encouraged many companies to comply with reporting requirements and ensured transparency.

More recently, we issued our first recommendations for the debarment of companies that hold oil leases in connection with the failure to pay royalties due to the Government. In addition, OIG program staff met with Bureau of Safety and Environmental Enforcement officials, at the request of the Bureau, to provide training and information on potential administrative remedies available to the Government.

## **Suspension and Debarment Use OIG-Wide**

The CIGIE report on suspension and debarment gave impetus to incorporate suspension and debarment reviews into our audit, inspection, and evaluation work on contract claims audits. A contractor that has submitted false or inflated claims against the Government may be found to have acted fraudulently or without business integrity. Audit work may produce sufficient evidence of unsupported or questioned costs to merit a suspension or debarment recommendation. By using investigative resources to review audit issues and incorporate our extensive audit work into suspension and debarment reviews, we can contribute significantly to our mission by protecting the Government's business interests and ensuring integrity and efficiency in DOI programs and operations.

The success of DOI's and OIG's suspension and debarment program can be seen in several examples. A U.S. Geological Survey employee referred information to OIG regarding a contractor that was the lowest bidder on a \$920,000 ARRA contract; the contractor was just indicted for bribery and theft in Indiana state court. We confirmed the information and recommended debarment to DOI. The contractor was suspended within 10 days of the referral and did not receive the pending ARRA award.

Through its training activities, OIG learned of a former official of a nonprofit organization that had received a \$1 million grant from the U.S. Fish and Wildlife Service to protect and restore

wetlands and associated uplands in Wisconsin. A criminal complaint was filed against the former official for theft—false representation in connection with the misuse of nonprofit funds. The individual was suspended and later debarred based on his misconduct.

## **Compliance and Ethics Agreements**

We collaborated with DOI to create an effective process for implementing compliance and ethics agreements—an agreement in lieu of suspension or debarment between a company or individual and an agency—to protect the Government’s interests. These agreements include 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. The agreement mandates appointment of a third-party monitor, who ensures compliance with the terms and spirit of the agreement and internal control procedures.

We review the work of the third-party monitor as well as the company’s adherence to the terms of the agreement. We may also provide fraud awareness briefings to company employees at no cost to the companies. Through the compliance and ethics agreement process, a contractor with enhanced ethical procedures and internal controls remains eligible and can return to the award pool, preserving American jobs.

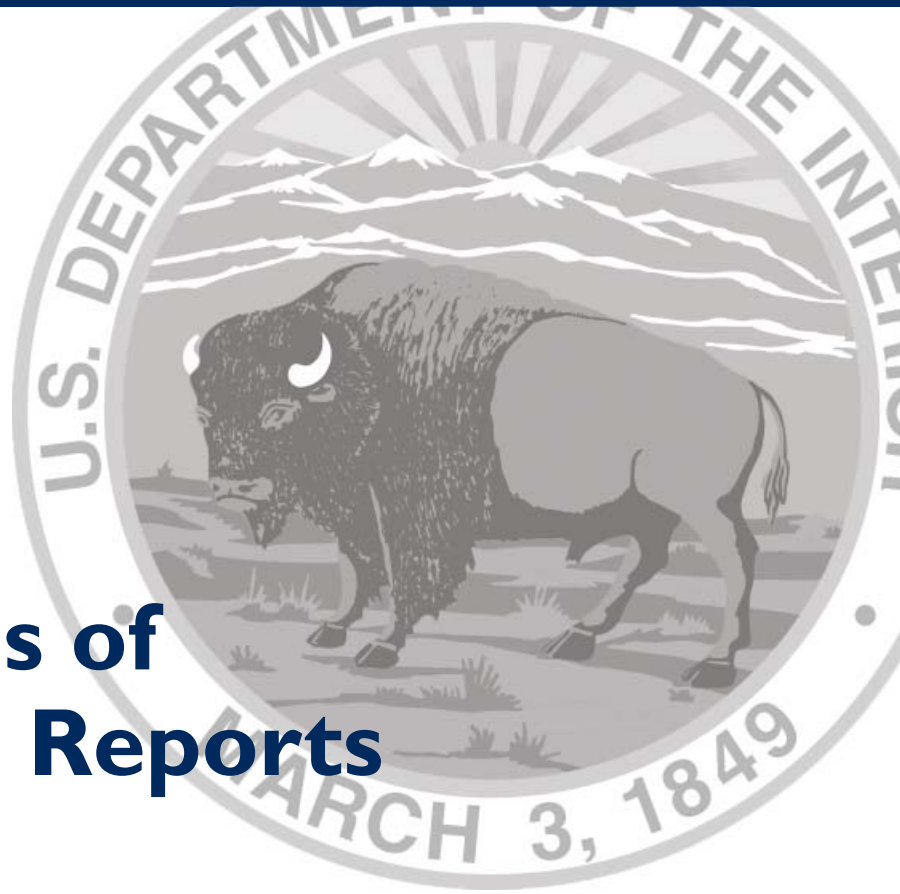
## **Training**

We initiated a program to significantly enhance the training of our suspension and debarment staff on the latest compliance and ethics best practices. In addition, DOI and OIG will expand outreach and training efforts regarding suspensions and debarments to other businesses later this year in October. DOI and OIG have provided suspension and debarment training to over 650 special agents, investigators, and contracting and grants officials across DOI bureaus during the past 3 years. This outreach teaches DOI personnel about the suspension and debarment remedy and instructs them how to refer matters to OIG for review, resulting in actions that address misconduct by contractors and financial assistance recipients.

OIG training has also included outreach to other Federal agencies developing or expanding their suspension and debarment programs, including the Special Inspector General for Afghanistan Reconstruction, CIGIE’s Inspector General Criminal Investigator Academy, the Federal Communications Commission, the National Aeronautics and Space Administration, the U.S. Department of Labor, and the U.S. Department of Health and Human Services.

DOI’s and OIG’s efforts in suspension and debarment awareness enable OIG to continue its vigorous support of DOI and the Federal Government in excluding nonresponsible parties from receiving Federal awards.

# **Summaries of Significant Reports**





## BLM Complied with “Wild Lands” Act

OIG inspected activities at the Bureau of Land Management (BLM) Wyoming State Office to determine compliance with a secretarial order enacted in December 2010 to safeguard wilderness characteristics of BLM-managed lands as well as an appropriations law related to work done under the order.

Secretarial Order 3310, “Protecting Wilderness Characteristics on Lands Managed by the Bureau of Land Management,” directed BLM to designate appropriate areas with wilderness characteristics. Public Law 112-10, “Department of Defense and Full-Year Continuing Appropriations Act” (April 2011) stated that BLM could not use funds provided by this or any other act to perform work related to the secretarial order.

In April 2011, a Wyoming publication reported that BLM waited to issue six oil and gas leases while it studied a certain area’s wilderness characteristics. The study was reported to be directly related to the secretarial order, which would violate the 2011 appropriations law.

We determined that BLM did not violate the law. We learned that the news article contained inaccurate information regarding the cause of the delay in issuing the leases. The study required under the secretarial order was postponed due to poor weather conditions from February 2011 until the weather improved enough for BLM staff to safely enter the area and perform their work. During the postponement the secretarial order was defunded, so BLM changed from determining whether the lands should be designated as “wild lands” to performing a traditional inventory of Lands with Wilderness Characteristics required by the Federal Land Policy and Management Act of 1976.



Meadow of wildflowers in southern Wyoming

## **FWS to Improve Monitoring and Enforcement of Conservation Easements**

OIG evaluated whether monitoring and enforcement by the U.S. Fish and Wildlife Service (FWS) is able to protect the almost 33,000 conservation easements that FWS manages.

Conservation easements are cost-effective tools through which private landowners and the Federal Government enter into mutually beneficial agreements. These legal agreements keep working agricultural lands in production while delivering conservation benefits to the affected habitat and wildlife. The private landowner retains ownership of the land that is under the easement with certain binding restrictions on specified activities on that portion of the property.

The use of such easements is growing; FWS acquired 300 new easements each year from 2006 to 2010. The benefits to affected habitat and wildlife can be quickly lost, however, if FWS is not diligent in ensuring that landowners adhere to the restrictions on the use of the property.

We found that FWS is making an effort to monitor its large inventory of conservation easements, but is not doing so effectively. Specifically, monitoring and enforcement are highly variable from location to location. This leads to vigorous FWS oversight in some field offices, but reliance on third parties to identify and report violations in other field offices. In addition, we found that each FWS region documents monitoring efforts differently—some quite specifically and others not at all. Maintaining accurate documentation provides a permanent record of events and observations concerning each easement, including evidence of proper monitoring.

We also identified several factors creating financial incentives for land owners to violate conservation easements. Common easement violations include draining, filling, and burning of wetland easements; early haying or burning of grassland easements; and mowing or burning of habitat easements. Easement violations increase the monitoring and enforcement burden on FWS. These financial incentives include changes in farming technology as well as the U.S. Department of Agriculture's (USDA) rules. The incentives to landowners provided by USDA far outweigh the consequences of a fine from FWS for violating easement provisions. FWS has an opportunity to create Bureau-wide guidance for administering, monitoring, and enforcing easements.

We issued six recommendations to assist FWS in protecting its conservation easements: conducting a workload and workforce analysis to determine needed resources, evaluating fines and penalties to deter violations, providing easement location information to USDA, implementing uniform guidance, documenting monitoring activities, and developing an automated inspection process to record the history of monitoring at an easement.



## **Internal Controls over OST's Investment Office Sufficient, but Possible Future Problems Uncovered**

OIG assessed the validity of six purported internal control weaknesses in the Office of Trust Funds Investments (OTFI), a component of the Office of the Special Trustee for American Indians (OST). These assertions were made by the then-principal deputy special trustee (PDST) in his draft annual assurance statement on internal controls.

Internal controls are operations, policies, and procedures that managers use to achieve program goals and safeguard program integrity. Weaknesses or deficiencies in internal controls compromise program effectiveness and can lead to fraud, waste, and mismanagement. OST, which was established to improve the accountability and management of Indian funds held in trust by the Federal Government, must issue an annual statement to DOI providing assurance that the office has sufficient internal controls in place to protect the tribal funds it invests.

The PDST's concern that internal controls over OTFI were insufficient was based on two investment errors that occurred during fiscal year (FY) 2011. Although both mistakes were caught, the PDST issued a "qualified" draft statement—a statement that offers reasonable assurance that internal controls are effective in areas other than specific exceptions or material weaknesses.

The effectiveness of the office's internal controls has a direct impact on the scope of work for DOI's annual financial statement audits, so DOI asked us to determine whether the PDST's assertions related to six OTFI controls were valid. The PDST asserted that OST had insufficient internal controls to ensure that only authorized personnel initiated and approved investment transactions. In addition, he asserted that OST did not have sufficient internal controls because the office lacks an automated order management system. The fact that the same investment contractor provided two distinct services was also a concern for the PDST. Finally, the PDST asserted that three transactions from FY 2010 did not identify the rating of the securities that were traded, which did not comply with OST policies in place at that time.

When we examined the related internal controls, however, we could not validate the PDST's assertions. None of the internal controls we reviewed were deficient when compensating controls were taken into consideration.

Moreover, during our review we discovered several potential communication, decisionmaking, and policy issues within OST. Because these issues were outside the scope of our audit, we did not fully review them in accordance with generally accepted Government auditing standards. Nevertheless, these matters point to possible future internal control problems if they are not fully reviewed and addressed.



Dream Lake, Rocky Mountain National Park

## Improvements Needed to Safeguard NPS Visitor Donation Boxes

OIG inspected the National Park Service's (NPS) visitor donation box program to determine the adequacy of internal controls and whether parks spent donation funds appropriately. We found that NPS controls were adequate and complied with security procedures outlined in NPS policy. The inspection did reveal, however, that thefts occurred at almost 30 percent of the 14 parks we inspected.

The national park system includes 397 parks and other historical and cultural sites visited by approximately 275 million people annually. National park sites receive Federal funding but also rely on direct donations, such as funds from visitor donation boxes, to enhance their programs. NPS policy allows installation of donation boxes on park property either by the park itself or by an authorized park fundraising partner, as long as 100 percent of the donations go to the park. At the 14 parks we inspected, donation box collections produced between 4 percent and 100 percent of total donation dollars the park received; in fiscal year 2011, donation box collections ranged from \$1,263 to \$54,213.

We found that the parks appropriately spent donation box funds on park enhancements such as trail maintenance, interpretive displays, promotional brochures, and visitor center improvements. We did find, however, that 8 of the 14 parks did not have adequate written internal control procedures for donation box collections or for depositing funds. In addition, we learned that NPS policy requires parks administering visitor donation boxes to maintain an official list of designated collection officers and all employees handling cash to undergo special background checks. At least three of the parks we visited did not maintain appropriate documentation or administer the required background checks.

We also found that parks do not regularly remove cash from visitor donation boxes or deposit funds on a weekly basis as required, which creates a greater opportunity for theft. Four of the 14 parks we visited experienced theft in the last 5 years. None of these parks removed or deposited funds on a weekly basis.

NPS only conducts internal control reviews at large parks on a 2- to 4-year rotating schedule but does not conduct these reviews at every park and rarely visits smaller parks. Moreover, these reviews do not always address cash collected from donation boxes. Since 2003, NPS has conducted reviews at only 5 of the 14 parks we inspected, and the donation box process was not assessed at any of the 5 parks.

To ensure the integrity of donation box funds, we recommended that NPS enforce existing policies requiring written internal controls at each park, require that parks designate collection officers for donation boxes and maintain documentation, require that collection officers remove cash and make deposits on a weekly basis, require that employees handling cash undergo minimum background investigations, and consider revising internal control review procedures to include donation box collections.

## **ONRR Faces Challenges on Timeliness, Efficiency**

OIG evaluated the Office of Natural Resources Revenue's (ONRR) process for obtaining timely compliance from lessees and operators that violate lease terms, regulations, or Federal law during the leasing and production of energy and mineral resources on Federal and Indian lands.

ONRR is responsible for managing billions of dollars in royalties and other revenues due the Government from offshore and onshore mineral leasing activities. ONRR's Office of Enforcement (OE) ensures that companies comply with ONRR regulations and orders and assesses civil penalties when a person or company fails to correct violations cited in a Notice of Noncompliance (NONC) by the established deadline. A penalty can be assessed of up to \$500 per violation per day starting 20 days after a NONC is received, and a knowing or willful violation can carry an immediate penalty up to \$25,000 per violation per day.

We found that OE obtained compliance with laws and regulations and negotiated reasonable settlements when companies disputed the royalty amounts. Our evaluation found, however, that ONRR has opportunities to improve its timeliness and efficiency in gaining compliance.

We found that ONRR is not always timely in issuing a NONC or assessing civil penalties as established in its regulations. In some cases, it took more than 1 year to obtain a company's compliance. ONRR also allowed extended periods for companies to achieve compliance instead of assessing civil penalties within authorized timeframes.

ONRR also does not prepare risk assessment summaries required under its policies or fully justify and document the assessed civil penalties in its case files. Improvements are also needed to ensure the Government's financial interests are protected during processing and management of settlements and appeals. We determined the Government lost approximately \$586,000 in interest when processing five settlement agreements.

We issued seven recommendations to improve the efficiency of ONRR's enforcement process through focused management and coordination among ONRR divisions during the NONC process, strengthened procedures to ensure that NONCs are issued promptly and civil penalties are assessed and increased when compliance is not timely, and improved guidance to fully document civil penalty assessments and negotiated settlements that would reduce the risk of lost interest during the settlement and appeal process.

### **Absence of Policy Leads to Improper Use of Allotted Funds in VI Legislature**

In a joint audit of the administrative functions of the Virgin Islands Legislature (Legislature), OIG and the Office of the Virgin Islands Inspector General (VI OIG) found that the Legislature is not using sound business practices in its stewardship of public funds and resources, resulting in fraud, waste, and mismanagement. The audit found a number of weaknesses that led to improper use of allotted funds for such things as cash advances, employee bonuses, procurement of goods and services, and security of sensitive equipment.

The Legislature is composed of 15 senators elected by popular vote for 2-year terms. The senators elect officers, including a senate president, whose duties include supervising and administering the internal affairs of all legislative offices, such as hiring and firing central staff employees, approving contracts, and authorizing payments. The senate president is ultimately responsible for authorizing the expenditure of the Legislature's funds.

We identified many highly questionable practices and deficiencies during the audit, resulting from an absence of formal policy and procedures as well as weak internal controls. The unregulated administration of public funds has led to a culture with almost no accountability and transparency.

OIG employees noted several examples of fraud, waste, and mismanagement. Auditors found—

- payment of cash advances to senators for travel with no verification that the travel actually occurred;
- awarding of bonuses to employees without written standards or justification of such awards;
- selection, approval, and payment of contracts without competition and internal controls, leading to overpayment and absence of documentation that the work had been performed;



- no reporting to the IRS, leading to underpayment of tax receipts to the Government of the Virgin Islands; and
- absence of documentation for sensitive equipment, potentially leading to the equipment being misused, lost, or stolen.

Good government inherently requires accountability and transparency to handle public funds. It also requires that those funds are expended in the public's best interest. To address these serious deficiencies, DOI OIG and VI OIG auditors made 11 recommendations to the Legislature and the senate president relating to codifying policies and procedures and maintaining documentation regarding travel expenditures and receipts, employee bonuses, and procurement and acquisition of property and other items.

## **Video Conferencing May Lead to Cost Savings and Help Reduce Greenhouse Gas Emissions**

OIG evaluated the use of video teleconferencing (VTC) by cataloging all of DOI's VTC sites and determining the potential benefits from increased use of the technology. We found that DOI has an opportunity to save millions of dollars in annual travel expenses while also making progress toward its environmental sustainability goals through greater use of VTC. DOI is currently developing strategies to increase use.

VTC is a face-to-face communication between two or more groups of people at different locations using video cameras, monitors, and a network, such as the Internet. This type of conferencing can reduce travel when used for meetings, training sessions, or interviews. DOI has 315 VTC endpoints—points at which people use the VTC system—located throughout the Nation, but it is not maximizing use of these endpoints. One reason VTC is not used to its full potential is that DOI has no policies that require the use of VTC as a viable alternative to travel or that require compatibility of equipment among VTC endpoints. In addition, employees have cited negative experiences when using older VTC equipment, an absence of knowledge within DOI on the availability of VTC, and low motivation for using the technology.

By increasing the use of VTC, DOI could experience significant savings in travel costs. Using DOI's fiscal year 2009 travel expenditures, we calculated that with only a 10 percent increase in VTC use, DOI could potentially save \$4.2 million on travel. An increase of 20 percent could save as much as \$8.5 million.

In addition to savings in travel costs, increased use of VTC could advance DOI's goal of reducing greenhouse gas emissions. Reducing departmental travel between 10 and 20 percent will contribute to DOI's goals under its Strategic Sustainability Performance Plan by eliminating an estimated 298 to 596 tons of carbon dioxide emissions, equivalent to the emissions from 31,000 to 62,000 gallons of gasoline.

At a time when Federal agency budgets are increasingly tight, the use of VTC technology represents an immediate and cost-saving action while at the same time supporting efforts to reduce greenhouse gas emissions.

## **USBR Committed to Continuous Improvement of Dam Safety Controls**

OIG evaluated the Bureau of Reclamation's (USBR) emergency management of National Critical Infrastructure (NCI) and Major Mission Critical (MMC) dams to determine whether they have up-to-date emergency preparedness plans and capabilities.

USBR manages 477 dams and dikes throughout the western United States. Five of these dams are classified as NCI and 16 are classified as MMC. NCI dams are facilities so vital that their incapacity or destruction would have a devastating impact on the Nation's economy, security, and public health and safety. MMC dams, characterized by large facilities with multipurpose water projects, are regarded as vital to a specific region of the United States. Their incapacity or destruction would have a devastating impact on that region's economy, security, and public health and safety.

Under its dam safety program, USBR requires emergency action plans (EAPs) at the NCI and MMC dams we evaluated. EAPs identify potential emergency conditions at a dam and specify actions for dam operating personnel to follow in emergencies or unusual occurrences.

While USBR does have EAPs in place for the dams we visited, we identified opportunities for USBR to strengthen its emergency management controls. Specifically, we found that recommended corrective actions were not consistently documented after deficiencies were identified during EAP exercises, annual EAP reviews, and communication drills. In addition, we found that one NCI dam did not meet USBR's directives on the frequency of EAP exercises; this can cause those who are involved in emergency response to be unfamiliar with their roles and responsibilities.

We also found that USBR has no requirement for documenting verification of equipment and materials included in an EAP. We believe such documentation is an important component of emergency preparedness because it ensures these resources are available and ready in an emergency. Finally, we noted that the type of employee emergency training required by USBR is inconsistent across Bureau offices, and directives are unclear as to who should receive such training.

USBR is developing an oversight program to verify that EAP exercises are conducted and documented for NCI and MMC dams and that corrective actions resulting from the exercises are properly documented. USBR is also issuing guidance for documenting annual EAP reviews and communication drills; confirming the location, existence, and operability of equipment and materials listed as available in an EAP; and identifying and updating employee training requirements.

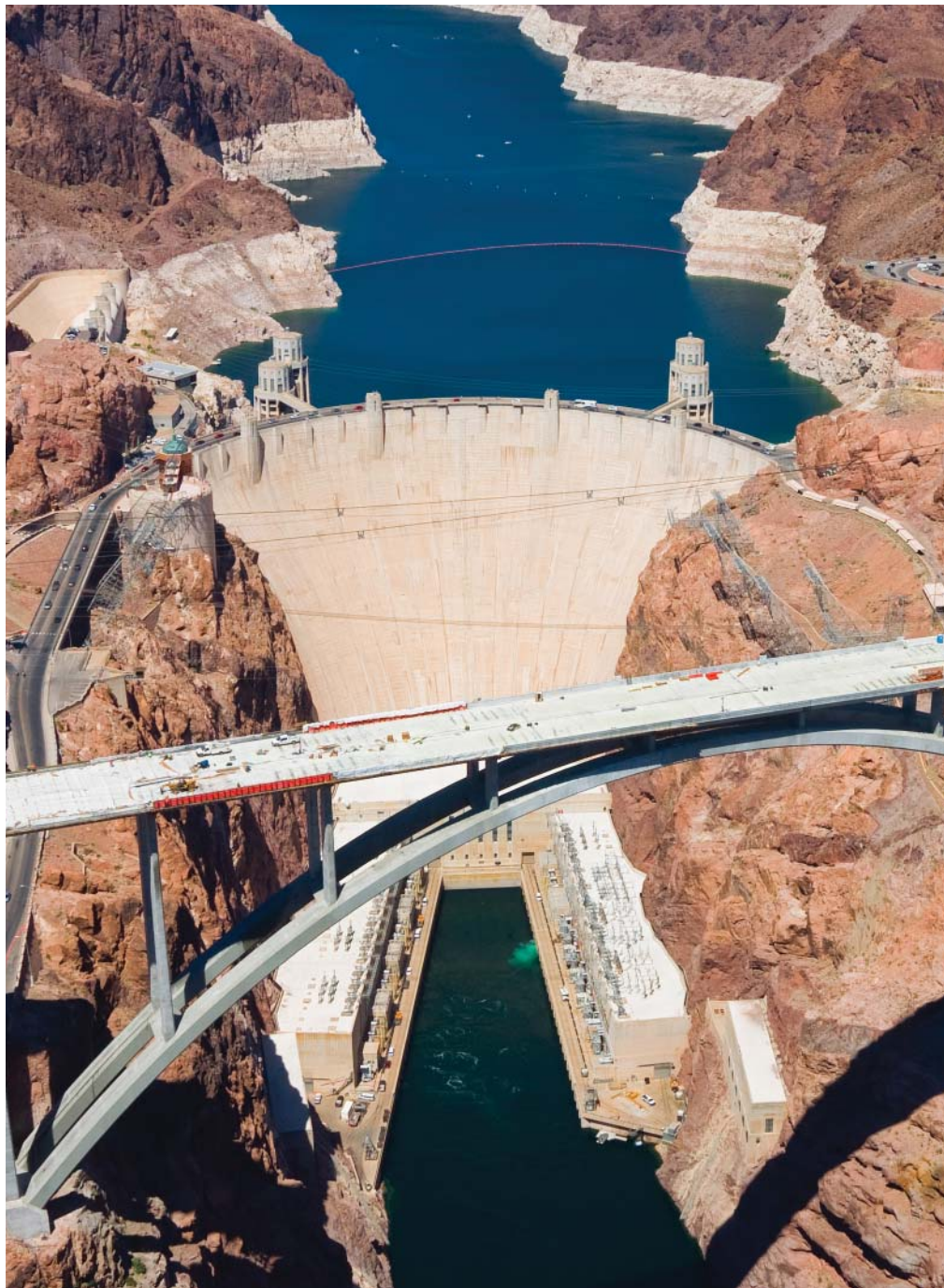


## **Former FWS Employee Convicted and Sentenced After Misuse of Public Funds**

On March 16, 2012, a former U.S. Fish and Wildlife Service (FWS) employee was convicted and sentenced to 3 years of probation and restitution in the amount of \$28,239. The former employee pleaded guilty in Federal District Court in Maryland to theft of Government funds through unauthorized and personal use of a Government purchase card. We initiated this investigation on August 8, 2011, after an FWS manager alerted us following an audit that the employee was suspected of misusing a Government credit card.

## **Two Tribal Committee Members Convicted of False Statements**

On November 9, 2011, two former committee members for the Indian Education Committee of the Seminole Native American Education Corporation were indicted for embezzlement of Indian education funds. Both former members submitted invoices falsely certifying expenditures exceeding \$5,000 funded through a Government contract that provided services for the Seminole Public Schools in Seminole, OK, from 2006 to 2009.



Aerial view of the Hoover Dam

Both pleaded guilty to making false statements—one in December 2011 and the other in January 2012.

## **Former BIA Agency Superintendent Sentenced to 51 Months of Incarceration**

We initiated an investigation in July 2009 into allegations of improper disbursements by Federal and tribal employees of the Fort Peck Credit Program. We concluded that these employees approved and received excessive loans and direct payments from the Credit Program without authorization or proper documentation. The investigation revealed that all six employees of the Credit Program routinely issued to themselves and to their family members disbursements they were not entitled to receive from the Credit Program bank accounts. The employees also confessed to intentionally altering Credit Program records in September 2007 to conceal their fraud scheme from a Federal review team.

The Fort Peck Credit Program initially operated with \$1.5 million in Federal funds provided by the Bureau of Indian Affairs (BIA) through the U.S. Direct Loan Fund. The Direct Loan Fund was created to promote access to capital and increase economic opportunity for American Indians. The Direct Loan Fund was repaid in full in 1997, and as of that date, the Credit Program operated strictly with tribal funds. The BIA Branch of Credit, however, maintained oversight of the Credit Program until June 2008, with BIA employees exercising approval authority for certain short-term loans and maintaining signature authority over the Credit Program bank accounts.

In January 2010, a Federal grand jury in Billings, MT, issued the first of a series of criminal indictments alleging a 10-year criminal conspiracy operating between 1999 and 2009 to embezzle in excess of \$1 million from the Credit Program by its six employees. All six employees pleaded guilty to various felony charges, including conspiracy and obstruction of justice, and were incarcerated with prison terms ranging from 24 to 45 months.

We expanded our investigation to identify other individuals who assisted in the fraud scheme. To date, four more people have been convicted for their roles in stealing tribal funds from the Credit Program, including the BIA Agency Superintendent, a 37-year career Federal employee and the highest ranking BIA employee at the Fort Peck Agency.

We reported in our October 2011 Semiannual Report to Congress that an indictment was returned against Florence White Eagle, BIA Agency Superintendent, Fort Peck Agency, in March 2011. The indictment alleged that White Eagle conspired with Toni Greybull, former administrative officer, BIA (deceased), in the illegal conversion of tribal funds from the Credit Program. White Eagle was also charged with five additional felony charges: misprision of a felony, bribery, financial conflict of interest, false statements, and the conversion of tribal funds. White Eagle was convicted in June 2011 of all six charges.

White Eagle was sentenced on November 8, 2011, to 51 months of incarceration and 36 months of supervised probation upon release from prison and was ordered to pay restitution of \$3,810 to the Fort Peck Credit Program and a \$600 assessment to the Victim Crime Fund.

On February 16, 2012, the Billings Federal grand jury indicted Ashleigh M. Greybull, the daughter of Toni Greybull. This indictment alleged three felony charges: one count of theft/embezzlement from the Credit Program and two counts of false statements. Greybull entered a plea of not guilty to all charges at her arraignment on March 20, 2012.

Ten people have been convicted for their roles in the fraud scheme. The U.S. District Court for the District of Montana has ordered prison sentences totaling 278 months and restitution in the amount of \$832,303.

### **NPS Employee Pleads Guilty to Child Pornography Charges**

The DOI Advanced Security Operations Center in Reston, VA, discovered material on a DOI network address that appeared to be child pornography. We determined that the Government equipment used for receipt of child pornography belonged to Michael Emanuelson, Property Technician, National Park Service, Yellowstone National Park, Mammoth Hot Springs, WY. We identified 29 images in the network traffic logs on Emanuelson's computer that appeared to be child pornography images.

Emanuelson admitted to using his Government-issued computer to access pornographic Web sites via the Internet and view pornographic material. On July 19, 2011, a Federal grand jury indicted Emanuelson, charging him with one count of accessing child pornography with intent to view.

On March 7, 2012, Emanuelson pleaded guilty to the indictment in U.S. District Court in Cheyenne, WY. Emanuelson's sentencing is scheduled for May 16, 2012.

### **GEC and SG to Pay \$550,000 to Resolve Antitrust and False Claims Act Violations**

Following a joint investigation with OIG and the U.S. Department of Justice, Gunnison Energy Corporation (GEC) and SG Interests I and VII Ltd. (collectively, SG) agreed to pay \$550,000 to the United States to resolve allegations of antitrust and False Claims Act violations related to an agreement not to compete in bidding for four natural gas leases sold at auction by the Bureau of Land Management (BLM).



BLM issues leases for oil and gas exploration and development on lands owned or controlled by the Federal Government. BLM provides notice of parcels to be leased and then auctions a lease for each parcel. The winning bidder is required to certify that its bid was not the product of collusion with another bidder. GEC and SG entered into two improper agreements under which it was agreed that SG would bid on leases at the BLM auctions, and if it won, SG would assign an undivided 50 percent interest in the Federal leases to GEC.

In October 2009, a former GEC employee filed a qui tam action in the U.S. District Court for the District of Colorado alleging that GEC defrauded the United States in connection with public auctions of Federal gas leases conducted by BLM in Lakewood, CO. According to that complaint, SG, acting through a proxy bidder, was the winning bidder on several Federal gas leases at BLM's public auctions between February 10, 2005, and November 9, 2006.



Natural gas pipeline in Wyoming

After winning the Federal leases at auctions, SG assigned a 50 percent interest in those leases to GEC. As part of BLM's bidding process, SG was required to complete and sign a bid form certifying that the winning bid was reached "independently and without collusion for the purpose of restricting competition" and that it had not violated 18 U.S.C. § 1860, which prohibits unlawful combination or intimidation of bidders. The former GEC employee alleged that these certifications on the BLM bid forms were false statements since SG and GEC colluded to drive down the price of the bids for leases.

### **Williams Pays ONRR \$5 Million in Underpaid Royalties**

The OIG Energy Investigations Unit investigated Williams Production RMT Company (Williams) for underreporting gas production and sales volumes. Williams paid the Government a 25 percent working interest on a lease it held in Colorado, but should have paid 58 percent. We referred our findings to the Office of Natural Resources Revenue (ONRR) for administrative action. ONRR reported in January 2012 that it collected over \$5 million in underpaid royalties and interest from Williams.

### **Gary-Williams Energy to Pay \$2.76 Million in False Claims Settlement**

In a settlement with the U.S. Attorney's Office for the District of Colorado, Gary-Williams Energy Company (Gary-Williams) paid \$2.76 million to resolve allegations that Gary-Williams violated the Federal False Claims Act by failing to pay DOI.

According to the settlement, the Government contended that Gary-Williams failed to pay all the money owed to DOI for oil obtained from the Gulf of Mexico from October 2008 to September 2009. During that time, Gary-Williams inappropriately discounted the payments it made to DOI for oil acquired under an agreement with DOI. Gary-Williams claimed it was entitled to certain price reductions and credits based on the costs of shipping the oil it acquired to various market centers.

These reductions and credits were related to the quality of the oil, theoretical losses of oil in transportation, and hurricane surcharges. Instead of transporting the oil it acquired, however, Gary-Williams transferred title to the oil at the wellhead to a third party and was thus ineligible to receive price reductions and credits.

## **Man Charged with False Statement Regarding Blowout Preventer Testing on Drilling Rig**

On February 28, 2012, the U.S. District Court for the Eastern District of Louisiana charged Donald Hudson, former rig manager, Helmerich and Payne International Drilling Company (H&P) with one felony count in violation of making false statements.

Hudson lied to a Federal agent employed by OIG when he denied instructing his employees to falsify blowout preventer (BOP) tests conducted aboard a drilling rig operating in the outer continental shelf (OCS) and within waters regulated by the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement. Hudson later admitted that he instructed his employees to falsify BOP tests to save the rig downtime, and thus operating costs associated with repairing leaking valves on the choke manifold. The choke manifold is a part of the BOP system, which is used during drilling operations to maintain well control and ultimately protect the drilling rig, personnel aboard the rig, and the environment from unanticipated pressure spikes within the well bore.

Hudson was scheduled for a court hearing in April 2012. The investigation continues in consultation with the U.S. Attorney's Office, Eastern District of Louisiana.

## **Council President Pleads Guilty to Misapplication of Funds**

Members of the Dot Lake Village Council, a Federally recognized tribal organization in Alaska, filed a complaint alleging that former Council President Ted Charles misappropriated approximately \$77,000 in Bureau of Indian Affairs (BIA) Federal funds through a combination of undocumented ATM withdrawals, debit card purchases, unauthorized travel expenditures, and improper contracting over a 1-year period in 2007.

We found that Charles intentionally misapplied \$24,887 in Federal funds from the Dot Lake Village Council, both during his tenure as Council President and after he left the council for a position as the Chief Administrative Officer with Tanana Chiefs Conference, an organization that receives and administers BIA Federal funds annually. Charles also borrowed over \$13,000 in payroll advances from the tribe and vacated his position on the council with an outstanding balance of \$3,990.

On February 1, 2012, Charles pleaded guilty in Anchorage, AK, to one count of misapplication of funds from an organization receiving Federal funds and agreed to serve 3 years of probation and to pay restitution in the amount of \$28,877.44. He also resigned from his position with the Tanana Chiefs Conference. Charles was to be sentenced in Fairbanks, AK, on April 20, 2012.



## **FWS Employee Charged with Misuse of Government-Issued Credit Card**

A purchasing agent for the U.S. Fish and Wildlife Service (FWS), Sonny Bono Salton Sea National Wildlife Refuge, in Calipatria, CA, purchased \$30,122.88 in fraudulent purchases on her Government credit card between December 2008 and May 2011. She voluntarily provided a written statement admitting to misuse of her card. FWS subsequently terminated her employment effective September 12, 2011. On March 7, 2012, the purchasing agent was charged in the Southern District of California with theft of Government property.

A supervisor had enabled the fraud by failing to review and verify charges on the purchasing agent's monthly credit card statements. The U.S. Attorney's Office for the Southern District of California declined criminal prosecution, but the supervisor received a 14-day suspension from FWS.

## **BIA Employee Terminated for Receipt of Child Pornography**

OIG and U.S. Immigration and Customs Enforcement investigated BIA employee Jasper Blair for receipt of child pornography after we received notification of email correspondence containing an image of child pornography involving Blair.

BIA terminated Blair's employment, and Blair was indicted on one count of receipt of child pornography. On September 26, 2011, Blair appeared before the Magistrate Court in the District of Oregon, where he entered a plea of not guilty to receipt of child pornography. Blair was placed on supervised release, which includes electronic monitoring and no contact with minor children, until his trial. His trial date has been set for May 15, 2012.

## **Contractors Admit to False Statements to Bypass HUBZone Requirements**

The Government Accountability Office (GAO) and the Recovery Accountability and Transparency Board (RATB) referred to OIG an investigation regarding fraudulently obtained Federal set-aside contracts through the Small Business Administration (SBA) HUBZone Program.

Two roofing companies, Construction Service Corporation (CSC) and McDonald Roofing and Construction (MRC), were used as "pass-through" or "shell" companies to obtain Federal contracts that a third company, Quality Tile Roofing (QTR), then performed or subcontracted. Between 2005 and 2010, MRC, CSC, and various other related partnerships and joint ventures were awarded more than 21 Government contracts with award amounts totaling over \$21 million. Twelve of those contracts were awarded through DOI agencies; CSC received three DOI HUBZone set-aside contracts and MRC received one DOI HUBZone set-aside contract.

We determined that, as part of a self-certification process, CSC and MRC made false statements regarding their business operations, ownership, and control to qualify for the SBA HUBZone Program and obtain set-aside Government contracts for which QTR would otherwise not be eligible. Our investigation also revealed that QTR, or other companies subcontracted by QTR, performed the majority of the work.

The U.S. Attorney's Office in Boise, ID, accepted the case for criminal prosecution. On March 15, 2012, MRC was arraigned on and pleaded guilty to one count of wire fraud. On March 28, 2012, CSC was arraigned on and pleaded guilty to one count of wire fraud and one count of false statements. Both corporations are scheduled to be sentenced on June 6, 2012.

### **Former FWS Employee's Fraud Conviction Upheld**

On February 27, 2012, the Ninth Circuit Court of Appeals affirmed the April 2010 conviction of Kevyn Paik, former Heavy Equipment Operator, U.S. Fish and Wildlife Service (FWS), Kauai, HI. Paik appealed his conviction for criminal conflict of interest based, in part, on his assertion that because he was a low-level employee who was not formally charged with the administration of the contract, he could not be held criminally liable for conflict of interest. The court ruled that Paik's informal role in the day-to-day administration of the contract was sufficient to meet the requirements of the statute.

In April 2010, Paik and former FWS employee Alan Duarte were found guilty in U.S. District Court of Hawaii of two counts each of mail fraud and two counts each of wire fraud. Paik was also found guilty of one count of acts affecting a personal financial interest. Paik conspired with Duarte to illegally obtain subcontracts for pond enhancement or restoration work at Hanalei National Wildlife Refuge. Paik and Duarte concealed their involvement through the use of two straw-man companies, or third parties acting as a front. Paik used his position as an FWS employee to ensure Duarte was awarded the contracts, and they divided the proceeds from the scheme.

On October 4, 2010, Duarte was sentenced to 12 months of probation. On December 31, 2010, Paik was sentenced to 30 days of imprisonment. On August 31, 2010, both Paik and Duarte were debarred from participation from Federal procurement and non-procurement programs until November 29, 2012.

### **Former CFO Convicted in Fraud Scheme**

On January 26, 2012, Paul Solofa, former Chief Financial Officer, Department of Education (DOE), American Samoa Government, was convicted of one count of witness tampering and one count of obstruction of justice for telling a witness to burn documents and lie to Federal investigators when questioned regarding a scheme to defraud the American Samoa Government. Solofa participated in the scheme and tried to keep his involvement from being disclosed to investigators.

Solofa conspired with Gustav Nauer, Division Head of the School Bus Garage, and others, in a scheme to defraud DOE by creating phantom purchase orders for school bus parts and services that were never delivered. Nauer, Solofa, and their co-conspirators then pocketed the money from the phony transactions. On January 4, 2011, Nauer pleaded guilty to one count of conspiracy for his role in the scheme. Both Nauer and Solofa await sentencing in U.S. District Court.

## **Canal Wood Pays to Settle Allegations of Fraud**

OIG assisted the U.S. Attorney's Office for the District of South Carolina in recovering lost funds related to sales of timber on Federal land. Canal Wood, LLC, agreed to pay the United States a total, including penalties, of \$520,064.50 to resolve allegations that it defrauded the Government. Canal Wood failed to include more than \$208,000 worth of timber scale tickets—receipts showing the weight of the timber harvested and brought to sawmills for processing—from the total number of tickets it presented to the U.S. Fish and Wildlife Service for timber cut on Federal land.



Timber cut for industrial use

# Appendices



## Investigations Statistical Highlights

### October 1, 2011 - March 31, 2012

#### Investigative Activities

Cases Closed.....	258
Cases Opened.....	241
Hotline Complaints/Inquiries Received.....	126

#### Criminal Prosecution Activities

Indictments/Informations.....	10
Convictions.....	7
Sentencings.....	9
-Jail.....	122 mos.
-Probation.....	312 mos.
-Criminal Penalties.....	\$223,236
Criminal Matters Referred for Prosecution.....	10
Criminal Matters Declined this Period.....	1

#### Civil Investigative Activities

Civil Settlements.....	\$3,834,813
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#### Administrative Investigative Activities

Removals.....	3
Suspensions.....	6 (97 days)
Retired.....	1
Reprimands/Counseling.....	11
General Policy Actions.....	15
Bill for Collection.....	1 (\$723)
Contractor Suspensions.....	8
Royalties Settlement Agreement.....	\$5,302,109
Contractor Debarments.....	22
Bureau Non-Responsive*.....	2
(1 BIE, 1 BLM)	

\*Bureau Non-Responsive is a category indicating failure by a bureau to respond to referral for administrative action.

## Statistical Highlights

### Audit and Evaluation Activities

Reports Issued.....	28
Performance Audits, Financial Audits, Evaluations, Inspections, and Verifications.....	19
Contract and Grant Audits.....	9

### Audit and Evaluation Impacts

Total Monetary Impacts.....	\$2,662,468
Questioned Costs (includes unsupported costs).....	\$2,601,089
Recommendations That Funds Be Put to Better Use.....	\$61,379
 Audit and Evaluation Recommendations Made.....	145
Audit and Evaluation Recommendations Closed.....	66

### Recovery Oversight Office Impacts

Total Products Issued.....	7
 Advisory Reports.....	6
Other (Non-Published) Products.....	1
 Recommendations Made.....	11
Recommendations Closed.....	3



## Reports Issued During the 6-Month Reporting Period

This listing includes all audit, inspection, and evaluation reports issued during the 6-month period that ends March 31, 2012. It provides report number, title, issue date, and monetary amounts identified in each report (\* Funds Be Put to Better Use, \*\* Questioned Costs, and \*\*\* Unsupported Costs).

### Audits, Evaluations, and Verifications

#### Bureau of Land Management

##### **ZZ-IS-BLM-0001-2011**

Inspection – Bureau of Land Management Activities Related to Secretarial Order 3310 - Wild Lands (02/02/2012)

#### Bureau of Reclamation

##### **ER-IS-BOR-0012-2011**

Inspection – U.S. Department of the Interior Program Startup Inspection: Bureau of Reclamation WaterSMART Grant Program (11/10/2011)

##### **WR-EV-BOR-0007-2011**

Final Evaluation Report – Bureau of Reclamation's Safety of Dams: Emergency Preparedness (02/27/2012)

#### Indian Affairs

##### **ER-IS-BIA-0010-2011**

Inspection – U.S. Department of the Interior Program Startup Inspection: Bureau of Indian Affairs Youth Initiative Program (11/10/2011)

##### **WR-EV-BIA-0014-2011**

Advisory – Indian Land Consolidation: Tribal Participation in Program Implementation (11/28/2011)

##### **ZZ-IN-BIA-0002-2012**

Office of Inspector General's Independent Report on the Bureau of Indian Affairs' Fiscal Year 2011 Accounting and Performance Summary Review Reports for the Office of National Drug Control Policy (02/01/2012)

### **Insular Area Reports**

#### **VI-IN-VIS-0001-2010**

Audit Report – Administrative Functions - Legislature of the Virgin Islands  
(11/28/2011)

### **Multi-Office Assignments**

#### **ER-SP-MOI-0008-2011**

Inspector General's Statement Summarizing the Major Management and  
Performance Challenges Facing the U.S. Department of the Interior (10/14/2011)

#### **X-IN-MOA-0001-2012**

Independent Auditors' Report on the U.S. Department of the Interior Special-  
Purpose Financial Statements for Fiscal Years 2011 and 2010 (11/15/2011)

#### **X-IN-MOA-0006-2011**

Independent Auditors' Report on the U.S. Department of the Interior Financial  
Statements for Fiscal Years 2011 and 2010 (11/15/2011)

#### **WR-EV-MOA-0004-2010**

Final Evaluation Report – U.S. Department of the Interior's Video  
Teleconferencing Usage (12/20/2011)

### **National Park Service**

#### **ER-IS-NPS-0014-2011**

Inspection – National Park Service Visitor Donation Boxes  
(03/08/2012)

### **Office of Natural Resources Revenue**

#### **CR-EV-MMS-0002-2010**

Evaluation Report – Office of Enforcement, Office of Natural Resources Revenue  
(01/09/2012)

## **Office of the Special Trustee**

### **X-IN-OST-0005-2011**

Independent Auditors' Report on the Tribal and Other Trust Funds and Individual Indian Monies Trust Funds Financial Statements for FY2011 and FY2010 (11/10/2011)

### **ZZ-IN-OST-0001-2012**

Audit of Selected Internal Controls in the Office of Special Trustee for American Indians (12/08/2011)

## **Office of Surface Mining**

### **ER-IS-OSM-0011-2011**

Inspection – U.S. Department of the Interior Program Startup Inspection: Office of Surface Mining Appalachian Regional Reforestation Initiative (11/10/2011)

## **U.S. Fish and Wildlife Service**

### **WR-EV-FWS-0003-2011**

Evaluation Report – U.S. Fish and Wildlife Service Conservation Easement Monitoring and Enforcement (01/09/2012)

### **K-MA-FWS-0002-2012**

Management Advisory – Clarification Needed on Easements under the U.S. Fish and Wildlife Service Manual, Part 517 Chapter 7 (517 FW 7) (03/07/2012)

### **K-MA-FWS-0003-2012**

Management Advisory – Clarification Needed on Land Reconciliations under the U.S. Fish and Wildlife Service Manual, Part 522 Chapter 20 (522 FW 20) (03/08/2012)

## **Contract and Grant Audits**

### **Bureau of Land Management**

#### **C-CX-BLM-0008-2011**

Audit of Costs Claimed by Hydro Resources Colorado, Inc., for Modification No. 2 under Contract No. L10PC00456 with the Bureau of Land Management (01/12/2012) \*\*\$275,538 \*\*\*\$976,500

**U.S. Fish and Wildlife Service**

**R-GR-FWS-0006-2011**

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program  
Grants Awarded to the Government of the Virgin Islands, Department of Planning  
and Natural Resources, From October 1, 2008, Through September 30, 2010  
(11/03/2011) \*\*\$40,209 \*\*\*\$25,409

**R-GR-FWS-0007-2011**

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program  
Grants Awarded to the State of Maryland, Department of Natural Resources, From  
July 1, 2008, Through June 30, 2010 (11/30/2011) \*\$61,379 \*\*\*\$941,106

**R-GR-FWS-0011-2011**

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program  
Grants Awarded to the State of North Dakota, Game and Fish Department From  
July 1, 2008, Through June 30, 2010 (12/01/2011)

**R-GR-FWS-0009-2011**

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration  
Program Grants Awarded to the State of Hawaii, Department of Land and  
Natural Resources, From July 1, 2008, Through June 30, 2010  
(12/13/2011)

**R-GR-FWS-0010-2011**

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program  
Grants Awarded to the Maine Department of Marine Resources, from July 1,  
2008, Through June 30, 2010 (12/22/2011) \*\*\$21,147

**R-GR-FWS-0008-2011**

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program  
Grants Awarded to the State of Michigan, Department of Natural Resources, From  
October 1, 2008, Through September 30, 2010 (01/06/2012)

**R-GR-FWS-0012-2011**

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program  
Grants Awarded to the State of Maine, Department of Inland Fisheries and  
Wildlife, From July 1, 2008, Through June 30, 2010 (03/01/2012) \*\*\$321,180

**R-GR-FWS-0002-2012**

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program  
Grants Awarded to the State of Louisiana, Department of Wildlife and Fisheries,  
From July 1, 2009, Through June 30, 2011 (03/07/2012)

## **Recovery Oversight Office Reports**

### **Indian Affairs**

**RO-V-BIA-2008-2010**

Verification Review of Five Recommendations Considered Implemented from  
Our Recovery Oversight Advisory-Indian School Replacement, Improvement and  
Repair Programs (01/10/2012)

### **National Park Service**

**RO-F-NPS-049-2011**

Progress of HBCU Historic Preservation Grant Program (11/01/2011)

### **U.S. Fish and Wildlife Service**

**RO-C-FWS-068-2011**

Manhan Fish Passage (11/01/2011)

**RO-B-MOA-062-2011**

Review of the Nature Conservancy's Claimed Costs (12/13/2011)

**RO-V-FWS-078-2011**

Verification Review of Recovery Oversight Advisory – Problems with  
Recovery Act Purchase Order 10191RM578 for Program Management Services  
(RO-ROA-FWS-5001-2010) (01/10/2012)

**RO-C-FWS-072-2011**

Recovery Oversight Advisory – Acquisition Procedures on the Barrier Beach  
Restoration (01/12/2012)



## Monetary Resolution Activities

**Table 1: Inspector General Reports with Questioned Costs\***

	Number of Reports	Questioned Costs*	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period.	6	\$14,363,623	\$13,013,490
B. Which were issued during the reporting period.	5	\$2,601,089	\$1,943,015
Total (A+B)	11	\$16,964,712	\$14,956,505
C. For which a management decision was made during the reporting period.	1	\$130,182	\$110,174
(i) Dollar value of recommendations that were agreed to by management.		\$74,731	\$54,723
(ii) Dollar value of recommendations that were not agreed to by management.		\$55,451	\$55,451
D. For which no management decision had been made by the end of the reporting period.	10	\$16,834,530	\$14,846,331

\*Note: Does not include non-Federal funds.

## Monetary Resolution Activities

**Table II: Inspector General Reports with Recommendations  
That Funds Be Put to Better Use\***

	Number of Reports	Dollar Value
A. For which no management decision has been made by the commencement of the reporting period.	1	\$ 8,504
B. Which were issued during the reporting period.	1	\$61,379
Total (A+B)	2	\$69,883
C. For which a management decision was made during the reporting period.	0	\$0
(i) Dollar value of recommendations that were agreed to by management.		\$0
(ii) Dollar value of recommendations that were not agreed to by management.		\$0
D. For which no management decision had been made by the end of the reporting period.	2	\$69,883

\*Note: Does not include non-Federal funds.

## **Summary of Reports Over 6 Months Old Pending Management Decision**

This listing includes a summary of audit, inspection, and evaluation reports that were more than 6 months old on March 31, 2012, and still pending a management decision. It provides report number, title, issue date, and number of unresolved recommendations.

### **Audits, Evaluations, and Verifications**

#### **Bureau of Ocean Energy Management**

##### **CR-EV-MMS-0015-2010**

A New Horizon: Looking to the Future of the Bureau of Ocean Energy Management, Regulation and Enforcement (12/07/2010); 1 Recommendation

#### **Indian Affairs**

##### **NM-EV-BIE-0001-2008**

Evaluation of Controls to Prevent Violence at Bureau of Indian Education Operated Education Facilities (08/01/2008); 1 Recommendation

##### **WR-EV-BIA-0001-2011**

Advisory – Indian Land Consolidation: Mass Appraisals of Indian Lands (06/13/2011); 3 Recommendations

#### **Insular Area Reports**

##### **P-EV-FSM-0001-2007**

Kosrae State, Federated States of Micronesia: Property Accountability Process Needs To Be Improved (10/17/2007); 3 Recommendations

##### **VI-EV-VIS-0002-2009**

Evaluation Report – Energy Production in the Virgin Islands (12/28/2009); 4 Recommendations

##### **VI-IN-VIS-0003-2009**

Final Audit Report – Capital Improvement Projects Administrative Functions - Procurement Deficiencies Plague the Virgin Islands Port Authority (09/08/2010); 1 Recommendation; \$443,300 unresolved

**VI-IS-VIS-0004-2009**

Inspection Report – Security Improvements at the Governor’s Private Residence (01/19/2010); 4 Recommendations; \$490,000 unresolved

**Multi-Office Assignments**

**C-IN-MOA-0004-2007**

Abandoned Mine Lands in the Department of the Interior (07/24/2008);  
1 Recommendation

**Office of Insular Affairs**

**VI-EV-OIA-0004-2011**

Evaluation Report – Administrative Functions of the Virgin Islands Government Employees Retirement System (09/27/2011); 1 Recommendation

**Office of the Secretary**

**WR-EV-OSS-0005-2008**

Flash Report – Department of the Interior: Risking People and Property by Flying Airplanes in Excess of Federal Aviation Administration and Manufacturer Specifications (02/09/2009); 1 Recommendation

**Office of the Special Trustee**

**WR-EV-OST-0010-2011**

Advisory – Indian Land Consolidation: Need for an Appraisal Tracking System (07/18/2011); 3 Recommendations

**U.S. Fish and Wildlife Service**

**C-IS-FWS-0017-2010**

Inspection – Status of Rocky Flats National Wildlife Refuge (07/21/2011); 1 Recommendation

## **Summary of Reports Over 6 Months Old Pending Corrective Action**

This is a listing of audit, inspection, and evaluation reports more than 6 months old with management decisions for which corrective action has not been completed. It provides report number, title, issue date, and the number of recommendations without final corrective action. These audits and evaluations continue to be monitored by the Branch Chief for Internal Control and Audit Follow-up, Assistant Secretary for Policy, Management and Budget, for completion of corrective action.

### **Bureau of Land Management**

#### **CR-EV-BLM-0002-2009**

Evaluation of Bureau of Land Management's Oil and Gas Lease Auction Process (08/26/2009); 2 Recommendations

#### **WR-IN-BLM-0003-2010**

Follow-up to Office of Policy Analysis Report, "Review of Selective Aspects of the Federal Helium Program," June 2010 (10/18/2010); 2 Recommendations

#### **CR-EV-BLM-0001-2009**

Evaluation Report of the Bureau of Land Management's Oil and Gas Inspection and Enforcement Program (12/02/2010); 8 Recommendations

#### **C-IS-BLM-0018-2010**

Wild Horse and Burro Program (12/13/2010); 3 Recommendations

### **Bureau of Ocean Energy Management**

#### **CR-EV-MMS-0015-2010**

A New Horizon: Looking to the Future of the Bureau of Ocean Energy Management, Regulation and Enforcement (12/07/2010); 34 Recommendations

### **Bureau of Reclamation**

#### **C-IS-BOR-0006-2010**

Inspection Report – Museum Collections: Preservation and Protection Issues with Collections Maintained by the Bureau of Reclamation (01/29/2010);  
1 Recommendation



**WR-FL-BOR-0007-2010**

Follow-up – Bureau of Reclamation’s Management of Exclusive Use Recreation Areas (02/24/2011); 4 Recommendations

**RO-B-USBR-0109-2010**

U.S. Bureau of Reclamation Rural Water Projects (08/15/2011); 7 Recommendations

**Indian Affairs**

**NM-EV-BIE-0003-2008**

Evaluation Report – School Violence Prevention (02/03/2010); 3 Recommendations

**WR-EV-BIA-0002-2010**

Evaluation – Coordination of Efforts to Address Indian Land Fractionation (01/04/2011); 6 Recommendations

**WR-EV-BIA-0005-2010**

Final Evaluation – Bureau of Indian Affairs’ Detention Facilities (03/31/2011); 1 Recommendation

**WR-EV-BIA-0001-2011**

Advisory – Indian Land Consolidation: Mass Appraisals of Indian Lands (06/13/2011); 3 Recommendations

**ER-IN-BIA-0016-2009**

Final Audit Report – Bureau of Indian Affairs: Wildland Fire Suppression (07/13/2011); 6 Recommendations

**Insular Area Reports**

**V-IN-VIS-0004-2005**

Controls Over Video Lottery Terminal Operations, Government of the Virgin Islands (06/08/2007); 2 Recommendations

**P-EV-FSM-0001-2007**

Kosrae State, Federated States of Micronesia: Property Accountability Process Needs To Be Improved (10/17/2007); 5 Recommendations

## Appendix 5

### **V-IN-VIS-0011-2006**

Collection of Outstanding Taxes and Fees, Government of the Virgin Islands (01/10/2008); 3 Recommendations

### **V-IN-VIS-0001-2007**

Administrative Functions, Roy Lester Schneider Regional Medical Center, Government of the Virgin Islands (07/28/2008); 4 Recommendations

### **P-EV-GUA-0002-2008**

Tax Collection Activities, Government of Guam, Revitalized Tax Collection and Enforcement Effort Needed (11/26/2008); 2 Recommendations

### **V-IN-VIS-0003-2007**

U.S. Virgin Islands Workers' Compensation Benefits at Risk (11/28/2008); 3 Recommendations

### **VI-IS-VIS-0002-2008**

Final Evaluation Report – Virgin Islands Police Department Evidence Integrity at Risk (03/31/2009); 10 Recommendations

### **VI-IN-VIS-0003-2009**

Final Audit Report – Capital Improvement Projects Administrative Functions - Procurement Deficiencies Plague the Virgin Islands Port Authority (09/08/2010); 1 Recommendation

### **VI-EV-VIS-0002-2010**

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\*N/A: Not applicable to this reporting period.



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