



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

Semiannual Report to the Congress



April 2010



Lake Powell, located in Utah and Arizona, is the cover image of the April 2010 *Semiannual Report*, reflecting the recent Office of Inspector General (OIG) focus on energy issues—both traditional oil and gas and alternative fuels. Lake Powell, named for western explorer James Wesley Powell, is a water reservoir behind the Glen Canyon Dam, whose construction began during the Eisenhower Administration. In addition, this Semiannual Report cover also initiates the new OIG seal. The nine stars in the seal represent the nine primary bureaus and offices of the Department of the Interior. The eagle, displayed rising, is symbolic of American government.



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Staff	Contents	April 2010
Editorial	About DOI and OIG	ii
Donald Cairns Scott Culver Robert Gettlin Joann Gauzza Mary Maruca Scott Swanson	Message From the Inspector General	iii
Images	OIG Operating Principles	v
Bryan Brazil Stock Photography	OIG Initiatives	I
Production	Significant Narrative Summaries	5
Mary Maruca	Appendices	27
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About DOI and OIG

The U.S. Department of the Interior (DOI) is a large, decentralized agency with more than 67,000 employees and 236,000 volunteers located at 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 also has responsibility for a variety of water and underwater resources, including 479 dams and 348 reservoirs and approximately 8,526 active oil and gas leases on 44 million 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.

Images on the following pages recognize the various forms in which the Earth provides us with the essentials of life—energy from water, fuel from underground, or new alternative energy that is being developed from the air. During these changing times, when resources require ever greater stewardship, it helps to remember the diversity of the Earth, which generously continues to provide.

Lake Powell holds water from Colorado, Utah, Wyoming, and New Mexico, storing it behind Glen Canyon Dam. This water supplies Arizona, Nevada and California. Lake Powell also is a popular recreational area. The dam and its waters now cover extraordinary canyons and native art that are no longer visible.



Message from the Inspector General



More than three decades ago, the 95th Congress enacted the Inspector General Act of 1978 (IG Act) to “reorganize the executive branch of the Government and increase its economy and efficiency by establishing Offices of Inspector General within the Departments.” The IG Act came about in the post-Watergate period when much legislation was focused on good governance, ethics in the public sphere, and the need to diminish waste, fraud, and mismanagement of public resources—both financial and natural. Although the Act was updated twice over the ensuing 30 years, the law that exists today retains its original integrity and continues to serve the Congress and the public much as it did at its inception.

As one of the Cabinet-level IG organizations created by the original law, DOI OIG’s mission has long been to foster accountability in the programs, operations, and management of DOI. We continuously review the many areas and functions for which DOI has oversight—from the use of our nation’s land, water, mineral, and energy resources to the operations of our national parks and the scientific research conducted by DOI bureaus—to ensure that they function in the best interest of the American people.

During the six months from October 1, 2009 to March 31, 2010, our reports focused on such areas as school violence prevention at Bureau of Indian Education schools, decentralization in the DOI roads programs, and the maintenance of museum collections, accountability and preservation. In each instance, the responses of the Department and its bureaus to our recommendations demonstrated DOI’s goal of accountability and preserving the public trust.

We also addressed energy issues, specifically *Beneficial Use Deductions* and the *Cape Wind Project*, in the use of alternative sources—a central focus of current DOI work resulting from Secretary Salazar’s *New Energy Frontier Initiative*. The beneficial use program in the arena of traditional energy development allows companies that drill on Federal and Indian lands as well as offshore to claim royalty deductions on the portion of oil and gas they produce to operate on-site lease operations. We issued a series of recommendations with the aim of improving the methods and systems that the Bureau of Land Management and the Minerals and Management Service employ to monitor beneficial use and to ensure that every dollar in royalties that should be collected for the government is in fact brought into the Treasury.

We investigated DOI’s review and permitting process associated with an offshore wind farm proposed by the company, Cape Wind Associates, to be located in Nantucket Sound off

the coast of Massachusetts. The *Cape Wind Project* has received extensive media coverage. Now, following the recent decision by Secretary Salazar, it has just become the Nation's first approved offshore wind energy project. Our investigation, initiated in 2008, demonstrated our early recognition that while the future is with alternative energy, projects still need to be carefully analyzed to ensure they are effectively and efficiently developed. Our Cape Wind report revealed opportunities to improve the process used by DOI agencies, and focused on the need for greater inclusion and transparency in decision making that should benefit the approval process for other projects in the future.

Overall, the OIG continues to highlight promising practices in government in order to better serve our customers. To ensure that our work remains grounded in a well-defined mission and goals capable of increasing our effectiveness, we have committed ourselves to a new strategic planning process. The additional effort required to accomplish this, above and beyond the daily programmatic reviews and scrutiny conducted by our auditors, investigators and other OIG staff, will help us evolve, like the IG Act itself, into a stronger more efficient, and integrated organization. In this way we are committing ourselves to being fully vested in the Department's successes as a steward over the vast but precious natural resources of this great country.

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

Mary L. Kendall
Acting Inspector General

OIG Operating Principles

Mission

The mission of the OIG is to provide independent oversight to promote integrity, accountability, effectiveness, and efficiency within the programs, operations, and management of DOI.

Values

The OIG operates as an independent oversight organization responsible to the Secretary, the Congress and the American people. We must observe and exhibit high ethical standards and have the courage to tell our customers and stake holders what they need to know, and not what they simply wish to hear. Our core values help us to achieve our responsibilities and maintain this high ethical standard. We:

- Place our highest value in the integrity of our employees and our products;
- Strive for continuous improvement; and
- Believe in the limitless potential of our employees.

Responsibilities

The 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 the Congress fully and currently informed about problems and deficiencies relating to the administration of DOI programs and operations. Effective implementation of this mandate addresses the public's demand for greater accountability and integrity in the administration of government programs and operations and addresses the demand for programs that work better, cost less, and get the results Americans care about most.

Activities

The OIG accomplishes its mission by conducting audits, inspections, evaluations, assessments, and investigations relating to DOI programs and operations. Our activities are tied directly to DOI major responsibilities and are designed to assist DOI in developing solutions for its most serious management and program challenges, most notably cross-cutting or DOI-wide issues. These activities are also designed to ensure that we keep critical issues prominent, thus providing opportunities to influence key decisionmakers and increase the likelihood that we will achieve desired outcomes and results that benefit the public.

Office of Inspector General

From traditional energy (e.g., hydroelectric power) to alternative fuels, accountability for public resources is the focus of the OIG. Image from Glen Canyon Dam.



OIG Trends, Themes, and Initiatives

The mission of the OIG is to promote excellence, integrity, and accountability in the programs, operations and management of DOI. Whether our products are produced by investigators, auditors, or Recovery Oversight Office (ROO) specialists who track stimulus spending under the American Recovery and Reinvestment Act (ARRA), we are committed to ensuring full accountability for DOI programs.

A major area of OIG inquiry has involved energy issues—both traditional oil and gas as well as alternative energy exploration and development. In each instance, OIG investigators and auditors have inquired into whether the agencies providing oversight are fully accountable for these resources and are managing them in the best interests of the public, as well as whether or not those who would develop such resources (i.e., private companies) also develop them responsibly and pay back in royalty fees what is owed for the development of such resources.

In April—the month in which we celebrate Earth Day as well as the month when we demonstrate the OIG’s accountability through our semiannual report to Congress—a focus on energy as a high priority for DOI seems fitting. Specifically, in fiscal year 2010, the Department has increased its investment in renewable energy initiatives (wind and other alternative sources) considerably under the New Energy Frontier initiative. Once this initiative matures and the technologies reach full production, royalties from these programs will add to the already staggering \$42.3 billion collected between FY 2005 and FY 2008 through DOI’s conventional energy programs.

Questions of administrative accountability arose with other aspects of DOI’s energy resources. Geothermal energy is a renewable resource managed for DOI predominately by the Bureau of Land Management (BLM). Changes through the years to the Geothermal Steam Act of 1970 and subsequent regulations from MMS complicated the ways in which companies calculated royalty deductions. In this instance, we looked at ways to improve administrative protocols to ensure that accurate royalty payments are made. Similarly, in the case of beneficial use, our inquiry revealed the need for administrative and program adjustments by BLM and MMS to ensure accurate royalty returns.

The accountability associated with American Recovery and Reinvestment Act (ARRA) funds has continued to be an important OIG focus. DOI has distributed significant sums of ARRA monies to various DOI locations. In addition to promoting accountability in the programs that receive the ARRA funds, OIG has been conducting capacity building to provide technical assistance and training for auditors and investigators as far away as the U.S. Territories and Compact Nations in the South Pacific.

The OIG Recovery Oversight Office (ROO) has also developed a number of collaborative practices that help them respond flexibly to changes in DOI plans and schedules for obligating and awarding ARRA dollars. To encourage fully interactive communication on such subjects, ROO staff developed a protocol to help DOI evaluate barriers to ARRA monies reaching project sites quickly. Staff visited units across DOI to familiarize themselves with potential hurdles to acceleration, and regularly advised DOI of their findings. Such initiative is a trademark of ROO's own high standards of accountability to its DOI customers.

Accountability is a key element of the work OIG regularly accomplishes. It is fundamental to our mission. It encourages a culture of personal and professional responsibility and integrity in those we work with and in those whose work we impact.

Black Butte, California, near Mt. Shasta, is part of the Cascade mountain range, where some of America's most dramatic landscapes, as well as its significant exploration of hydro and geothermal power have occurred. Photo by Bryan Brazil.



Department of the Interior

DOI manages far-flung resources across and beyond the borders of the continental U.S., which presents both management challenges and opportunities. Image of Red Rock near Lake Mead in Nevada.



Cape Wind Associates, LLC: Investigating A Proposed Alternative Energy Project

In 2008, the OIG received complaints regarding an MMS National Environmental Policy Act (NEPA) review of an offshore wind farm proposed by Cape Wind Associates, LLC. The location was in Nantucket Sound off the coast of Massachusetts.

The OIG investigation revealed that several Federal agencies working with MMS to prepare the final Environmental Impact Statement (EIS) required by NEPA felt its completion had been rushed by the bureau's desire to publish the report before the end of the previous administration. None of the agencies believed, however, that the expedited timeline affected their overall conclusions.

Cooperating Federal agencies, among them FWS and the U.S. Coast Guard, indicated that the timeline imposed by MMS pressed them into acting atypically. It restricted their ability to be as thorough as they would have liked in conducting their review.

MMS also consulted with the Federal Aviation Administration outside of the NEPA process. In prior years, FAA had issued statements that the Cape Wind Project would not adversely impact air navigation in the Nantucket Sound area. Days before the final EIS was published, however, MMS learned that FAA had concluded a study indicating the project would result in a "Presumed Hazard" to aircraft. Nevertheless, MMS published the EIS without acknowledging the new FAA finding.

The Cape Wind project began in November 2001 when Cape Wind Associates applied for a permit with the U.S. Army Corps of Engineers. They planned to construct an offshore wind farm in Nantucket Sound. If constructed, it would be the first offshore wind farm in the United States.

In November 2004, the Army Corps of Engineers completed its draft EIS of the project. Then in 2005, the Energy Policy Act became law. The new act required MMS to develop a program and regulations for leasing offshore areas for renewable energy. Thus, MMS became the lead federal agency responsible for Cape Wind's environmental review. In January 2008, MMS released its own draft EIS, followed in June by draft regulations for alternate energy facilities on the Outer Continental Shelf.

Complaints to DOI surfaced in July, ranging from allegations that MMS was giving Cape Wind Associates a “sweetheart deal” to the possibility of the project being financially and technologically infeasible. Lack of prior Tribal consultation was also cited, along with the lack of regulations for offshore renewable energy projects. The Cape Wind investigation addressed the multiple issues raised by complainants, and the results were forwarded to DOI. The Secretary recently decided in favor of the wind farm, making this the Nation’s first approved offshore wind energy project.

Calculating Geothermal Royalties

Geothermal energy is a renewable resource extracted from heat stored in the earth. Such resources managed by BLM generate approximately 50 percent of the Nation’s geothermal energy. Between June 2004 and June 2009 MMS collected geothermal revenues totaling \$129.6 million.

The Geothermal Steam Act of 1970 authorizes DOI to issue leases for development of geothermal resources on the Federal lands it administers. We noted that 16 companies in three states produced geothermal energy from DOI lands.

Under the Geothermal Steam Act, calculating royalties only required developers to establish a sales price upon which royalties were calculated. Over time, however, companies began using geothermal resources for commercial production, generating electricity on site. As a result, in 1991, MMS issued new regulations calling for subtracting or “netting back” the cost of generation and transmission from revenue sales.

Another change in the law in 2005 further altered the way in which calculations were made. We conducted our evaluation to determine what royalty rates actually were paid by producing companies using the netback valuation method and how these rates compared with the rates outlined in the 2005 restructuring, as well as how MMS validated the accuracy of the data the bureau received.

We found that two of eight companies that we reviewed consistently claimed the maximum deduction percentage possible and another four companies claimed the maximum deduction percentage in at least six of the 12 months we reviewed. We also found that while MMS did perform audits that ensured that only allowable deductions were claimed, it did not perform a sufficient number of audits to ensure that all geothermal companies consistently deducted only allowable expenses.

We recommended that MMS improve its audit effectiveness by targeting high risk companies. We also recommended, among other suggestions, reevaluating the appropriateness of earlier deduction allowances in the light of royalty rates established by more recent legislation (the EAct) and the low royalty rates actually paid. We proposed implementing checks to ensure companies submit all required documentation in addition to the development of review procedures to ensure that monthly deduction percentages are properly calculated.

BLM and MMS Beneficial Use Deductions: An Inspection Report

DOI plays a key role in managing the Nation's energy production. Offshore and onshore operations on Federal and Indian lands account for 26 percent of the natural gas and 32 percent of the oil produced annually in the United States. In fiscal year 2008, the sales value of oil and gas produced by companies with leases to operate on Federal and Indian lands and offshore amounted to almost \$100 billion, generating royalties of \$12.6 billion to the U.S. Government. These royalties, along with other revenues collected by MMS constitute one of the largest non-tax sources of income to the United States Treasury. With energy demand, especially for natural gas, projected to increase steadily during the coming decades, MMS must perform strong, efficient, and consistent oversight to ensure that every royalty dollar owed is collected and accounted for from the companies that extract valuable energy resources from public lands and waters.

As part of federal oil and gas lease agreements, companies may claim royalty deductions on the portion of the oil and gas they use to run on-site operations. For example, they may use natural gas to power drilling and pumping. This royalty free use is referred to as "beneficial use." Unfortunately, in a practice involving onshore and offshore oil and gas production, MMS and BLM have failed to carry out effective oversight and management to ensure all royalty income is collected.

We found a substantial amount of gas claimed as beneficial use, although the use of oil was minimal. We estimated that the total value of royalty-free beneficial use gas in calendar year 2008 was \$1.16 billion, with a corresponding potential royalty value of \$145 million. We also found 43 instances in which companies claimed more than 100 percent of their production as beneficial use deductions during a 3-month period.

Upon further research, we found only one instance to be misreporting by a company and the other 42 instances to be offshore cases that were not truly beneficial use transactions.

Approvals by oversight bureaus are not usually required for beneficial use and, typically, beneficial use of oil and gas is estimated rather than measured. Both MMS and BLM fail to coordinate approval requirements, and lack a verification process for beneficial use. We recommended development of national beneficial use guidelines, implementation of controls to identify instances when companies report more than 100 percent of oil and gas retrievals as beneficial use, development of separate codes to identify buy-back volumes, a national verification process, and a system to review all denied beneficial use applications to ensure that deductions still are not being claimed on identified properties. Implementation of these recommendations should help BLM and MMS to validate that all deductions for beneficial use are for authorized purposes.

Beneficial use applies primarily to offshore resources where the float platforms resemble cities with sometimes complex energy requirements.



New Unit Investigates Energy Issues

During this reporting period, the Energy Investigations Unit (EIU) continued its work on 19 energy related investigations. To date, these complex investigations have identified an estimated \$17.2 million in unpaid or underpaid royalties. Recovery of the lost royalties with associated damages and penalties could generate as much as \$52.3 million once the investigations are completed and referred to the Department of Justice.

The EIU works collaboratively with the Royalty Initiatives Group (RIG) within the OIG's Office of Audits, Inspections and Evaluations, thus ensuring the greatest amount of expertise from audit and investigations experts is brought forward to address OIG cases. RIG auditors have supported EIU investigations, and EIU agents have participated in RIG planning and projects. Additionally, EIU has identified and referred several matters to RIG for its consideration. The EIU and RIG jointly provided presentations at a meeting of the members of the State and Tribal Royalty Auditor Committee (STRAC) and at a BLM law enforcement supervisors conference. The attendees at both meetings received training on recognizing and reporting suspected fraud to OIG. Additionally, participants learned about the OIG mission and the unique roles of EIU and RIG in relation to DOI's energy programs.

EIU has also established a strong working relationship with BLM's Special Investigations Group (SIG). This relationship continues to be strengthened as the two groups work jointly on onshore energy investigations.

Macho B: OIG Investigates Jaguar Death

Jaguars once ranged from southern South America to the southwestern United States, particularly in areas such as Arizona and New Mexico. Considered the largest cats in the Western Hemisphere, they are protected under the Endangered Species Act. Though rarely seen in this country and primarily a solitary animal, jaguars began reappearing in Arizona

and New Mexico in the 1990s, captured on film when they tripped wires used in camera traps to study other species.

Macho B, a jaguar regarded by some to have been an Arizona resident for as long as 13 years, was captured in February 2009 by the Arizona Game and Fish Department (AGFD) in a leg-hold snare used in an AGFD mountain lion and black bear project in the Coronado National Forest. He was equipped with a GPS to follow his movements, and set free. An injury was suspected shortly thereafter, when the GPS indicated no movement from the animal.

Macho B was recaptured on March 2, 2010 and transported to the Phoenix Zoo, where veterinarians, in consultation with the U.S. Fish and Wildlife Service, which oversees Endangered Species Act protections, determined that the animal suffered from irreversible renal failure. FWS authorized euthanizing the animal the same day.

Subsequent media coverage and public debate led to the Arizona Attorney General's Office announcing an investigation into circumstances surrounding the capture, recapture and death of Macho B. An FWS Law Enforcement investigation followed, which caused the Attorney General's Office to discontinue its investigation. OIG opened its own investigation in response to a congressional request.

As a result, we found that AGFD knew in December 2008 of Macho B's presence in the region of its lion and bear study but did not consult with FWS to obtain an incidental take permit (required when there is the possibility of capturing an endangered species) and biological opinion required by the Endangered Species Act. Absent these two requirements, AGFD lacked authority to capture Macho B, according to FWS biologists. In addition, an FWS field supervisor incorrectly approved a cosmetic necropsy rather than complete necropsy, casting doubt on an accurate determination of the animal's death. Results of our investigation have been provided to FWS.

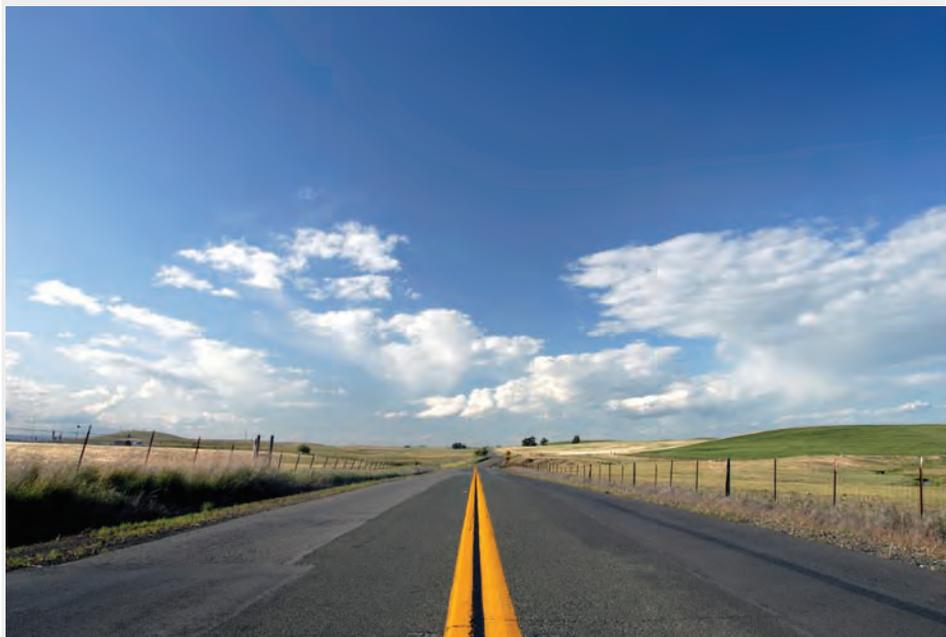
Dangers of Decentralization With DOI Roads Programs

Five Department of the Interior (DOI) bureaus manage approximately 186,713 miles of roads designated for either public or administrative use. The roads inventory includes unpaved (dirt and gravel primarily) and paved roads. More than 50 percent of the total miles managed by DOI have been identified as being in poor condition. The deferred maintenance costs associated with DOI roads are estimated at \$181 million for the Bureau of Indian Affairs (BIA), \$4.9 billion for the National Park Service (NPS), \$1.5 billion for the U.S. Fish and Wildlife Service (FWS), and as much as \$276 for the Bureau of Land Management (BLM).

Three programs jointly managed by DOI and the Department of Transportation (DOT) provide oversight and transportation engineering services for roads and highways giving access to or located within federally owned lands, national parks and Indian reservations.

To determine the status of DOI's roads program, OIG focused on whether the bureaus had identified their roads needs sufficiently, whether they had mechanisms in place to prioritize these needs, whether they had

The extensive DOI network of roads covers more than 186,000 miles through national parks and other bureau managed areas designated for both public and administrative purposes.



developed implementation plans for subsequent projects, and whether they could account for funds expended on roads projects. Our work examined bureau roads inventories, prioritization and implementation processes, and finally, accountability. In this last area of focus, we recognized that all bureaus had the ability to track spending, but that processes might not be in place to enable each of them to adequately detect misuse and mismanagement of allocated funds.

During our evaluation, we found significant inaccuracies in roads inventories, which impact the ability of bureaus to identify their needs correctly. We also noted inefficiencies in the processes that bureaus use to prioritize needs. All bureaus had project implementation plans in place and tracked their spending, but two bureaus — BIA and BLM — lacked appropriate safeguards to adequately detect misuse and mismanagement of funds.

Overall, the bureaus demonstrated various levels of efficiency in the areas we evaluated, with NPS notably the best due to its automated system for inventory and condition assessments, as well as its process for project implementation and financial accountability. We found that lack of centralized oversight for the bureaus at the departmental level produced inconsistencies as well as a lack of program transparency and accountability. To improve management, increase consistency, and streamline communications with DOT, with whom DOI jointly manages most of its roads, we recommended establishing one DOI-level office to oversee the roads program.

Evaluating Quality of School Safety Measures

During the 2007-2008 school year, Bureau of Indian Education (BIE)-funded schools had a student enrollment of approximately 48,000. These students attended schools either funded directly by BIE or through grant agreements managed by the tribes. We assessed safety measures and procedures at 22 schools, 6 of them operated by BIE and the remainder through grant agreements. Since we found no laws, presidential orders, or directives outlining safety measures for Indian schools, we researched safety measures in place for non-native schools and evaluated our school sample according to the existence of the following: security fencing, surveillance systems, visitor procedures, and emergency preparedness procedures.

Although we found few statistics on potential violence indicators at Indian schools, we uncovered a wealth of supporting anecdotal evidence during our visits to schools, such as confiscated weapons, signs of gang activity, and substance abuse. We also found that schools did not have camera surveillance systems, security guards, and adequate physical security. Teachers, administrators and other staff were untrained in basic violence prevention such as anger management, bully prevention, and gang awareness.

We proposed development of safety policies to establish minimum safeguards, prepare plans of action to (1) evaluate safety of each facility and (2) grant agreements, and finally ensure that teachers receiving BIE funding have training in gang indicators, conflict resolution, and related topics.

NLCS Advocacy Investigated

DOI established the National Landscape Conservation System (NLCS) under BLM through administrative action in 2000. This system was intended to “conserve, protect and restore nationally significant landscapes recognized for their cultural, ecological and scientific values.” It contains more than 850 federally-recognized areas equaling approximately 26 million acres.

Since creation of the system occurred through administrative rather than congressional action, it could have been dissolved at any time. On March 30, 2009, President Obama signed the Omnibus Public Lands Management Act, making NLCS a statutory program within BLM. Prior to this event, however, we received a complaint that prompted us to investigate the program to determine whether anti-lobbying laws had been followed.

DOI does engage in partnerships to foster its mission, though federal statutes have been enacted to govern the degree of such interaction between federal and nonfederal groups. Our investigation determined that numerous activities and communication occurred between NLCS officials and nongovernmental organizations (NGOs), including discussions about the NLCS budget and about BLM employees working on joint projects

with certain NGOs. Our further investigation revealed that communication between NLCS and NGOs gave the appearance that federal employees were less than objective and created the appearance of conflicts of interest or legal violations. We also uncovered a general disregard for establishing and maintaining boundaries among BLM and its various partners.

Museum Collections: Accountability Reviewed

DOI has a long history of challenges associated with carrying out its stewardship responsibilities for museum collections. Its collections are second in size only to the Smithsonian Institution. DOI manages collections estimated to include more than 146 million items of artwork, artifacts, and other museum objects at 625 DOI and at least 1,020 non-DOI facilities. These vary from ethnographical objects associated with Native American life to fossil remains of extant animals. At some sites, physical inventories have never been conducted.

Our audit found widespread failure to execute the three key processes for accountability over museum collections – accessioning, cataloging, and inventorying. DOI facilities have thousands of boxes containing millions of objects that have neither been identified nor accounted for in the collection. As a result, these objects are unavailable for research, education, or display. They are also subject to theft, deterioration, and damage.

DOI has even less knowledge of its collections housed in non-DOI facilities. We found that DOI lacked inventory listings of the collections held by outside facilities such as the Denver Museum of Nature and Science and the Maxwell Museum of Anthropology in Albuquerque, NM. It also did not conduct the required annual physical inventories. Four bureaus admitted they do not even know all facilities that hold their museum collections.

These widespread accountability issues are due to poor program management, ineffective oversight, poor reporting, and an insufficient allocation of resources. Many of these issues were documented as long ago as 1990 when we issued our audit report “Accountability and Control over Artwork and Artifacts” (Report No. 90-83). In 1993, DOI identified lack of accountability

and control of museum property as one of its four most critical material weaknesses. To address this weakness, it developed standards for managing museum collections. Unfortunately, bureaus do not follow that guidance. Establishing accountability over its collections has not been a priority.

Among our recommendations, we proposed greater DOI oversight of bureau museum programs as well as a requirement that every site's Scope of Collection statement be updated and reviewed on a regular five-year cycle. We found that DOI also needs to improve preservation practices over its museum collections. To protect countless artwork, artifacts, and other museum objects, preservation of the collections at many DOI sites needs to be significantly improved.

We followed our audit report of DOI collections with specific inspection reports presenting the detailed results of the preservation work completed under the DOI audit. We looked at five bureaus: BIA, BLM, Bureau of Reclamation (BOR), Fish and Wildlife Service (FWS), and NPS. BLM demonstrated adequate preservation practices at the sites we evaluated. We made recommendations to improve preservation practices at BOR, FWS, and NPS sites evaluated. We also provided recommendations to BIA, whose sites ranged from exhibiting only a small number of deficiencies to some numerous and extensive ones.

DOI Appraisal Operations Evaluated

The Appraisal Services Directorate (ASD) is not the strong, independent appraisal organization envisioned at its inception in 2003. Both external and internal obstacles impede its ability to provide timely, independent appraisals and valuation services.

External obstacles make it difficult for the organization to assume full control over the appraisal function. Specifically, the National Business Center (NBC), of which ASD is a part, does not provide timely support services to the directorate and has little incentive to do so. In addition, bureau clients refute the need for a consolidated organization and have taken actions to recover control of the appraisal function. Finally, as the lead for all agencies involved, the DOI's Office of Policy,

Management and Budget (PMB) has not actively intervened to address these challenges.

Internally, the absence of strong leadership, caused by ASD's placement within NBC, has weakened ASD's ability to perform the appraisal function. As a result, ASD overly relies on PMB to address contracting frustrations and combat efforts by the bureaus to regain control over appraisals. We made recommendations designed to ensure that ASD has full control of the contracting process, strong and effective technical leadership, and an organizational placement that enables ASD to succeed.

DOI Firearms Inventory and Control Assessed

The loss of firearms by Federal law enforcement agencies poses serious risks, including the possibility that missing firearms may be used for criminal activities. In 2003, the General Accounting Office (now Government Accountability Office or GAO) reported an NPS loss of 133 firearms. Five years later two of those firearms showed up in a Georgia pawn shop. An OIG investigation revealed that a retired commissioned law enforcement manager had stolen the weapons prior to retiring. Both he and his son later pawned these weapons for cash.

DOI has eight law enforcement programs with more than 4,000 commissioned personnel. Firearms are expected to be properly inventoried and securely guarded. We assessed whether adequate measures were in place to ensure that this occurred at the more than 26 sites we visited. Overall, we determined that, despite having policies and procedures in place, most programs could not accurately account for cached firearms. We also found that half of DOI's law enforcement personnel who are responsible for maintaining firearms caches had no property management or inventory training. DOI has no requirement that firearms property custodians receive such training.

Also no standards exist for the physical security of firearms caches. Although all caches we observed had some type of access control, the degree of

security varied among bureaus and intra-bureau locations. Some bureaus had full-time firearms coordinators. Other bureaus lacked such a position. In these bureaus we found greater accountability issues.

George Wright Society Agreement Reveals Systemic Lack of Oversight

A cooperative agreement between NPS and the George Wright Society, which had been modified 17 times during a five-year period and had increased from \$35,000 to more than \$800,000, prompted an investigation into NPS oversight of that agreement. Neither the NPS procurement file nor the George Wright Society file contained the required reporting documentation, and NPS provided virtually no oversight once funds had been transferred.

The George Wright Society was founded in 1980 to “foster excellence in natural and cultural resource management, research, protection, and interpretation in parks and equivalent reserves.” The Society is a nonprofit organization with two employees, an executive director and a conference coordinator/bookkeeper.

The cooperative agreement between the Society and NPS was initially established in 2004 to support two conferences. We found, however, that the agreement contained such generic objectives and a broad statement of work that almost all modifications could fit within the “umbrella mission” of the agreement.

Overall, the investigation determined there was a systemic lack of NPS oversight of the agreement. The way in which the agreement was used suggests that it was not the appropriate vehicle for most of the award modifications. Finally, six of the 11 members of the Board of

Directors for the Society are NPS employees. These individuals had significant input into several modifications which could violate conflict of interest statutes and Federal Acquisition Regulations.

Recovery Oversight Office

Capacity Building

Every year, OIG increases its capacity building commitment to provide technical assistance and training to the Public Auditors for the U.S. Territories and Compact Nations in the South Pacific. This endeavor has taken on greater significance with the passage of the American Recovery and Reinvestment Act (ARRA) and the corollary result of increased U.S. funding to these areas.

In October 2009, the Recovery Oversight Office (ROO) provided presentations for investigators, auditors, prosecutors, and contracting personnel at the Procurement and Grant Fraud Training Workshop in Guam. ROO staff also worked with Guam officials to develop a Recovery oversight initiative.

At the request of the Republic of Palau National Public Auditor, ROO assisted officials in building a fraud program and developed and trained Palau officials at the Fraud Program Support and Training Conference. These presentations enhance officials' abilities to deter and detect fraud, examine strategies to comply with the new Recovery Act requirements, and promote effective practices for spending and oversight of Recovery funds. At the February Association of Pacific Island Public Auditors Conference, ROO coordinated with other federal agencies to provide briefings and discussions tailored to the needs of attendees concerning new ARRA requirements and fraud examinations and audits. More than 300 attended these sessions.

In yet another effort to provide capacity building, ROO also developed an Insular Areas Recovery Act Review Guide to evaluate the systems of

internal controls developed by individual governments. This guide will advance future efforts to monitor and report the implementation of Recovery Act programs.

ROO Training Initiatives. ROO continued to provide technical assistance and educational programs to DOI employees, as well as to recipients of Recovery funds, ensuring that all involved groups are well informed of the responsibilities associated with tracking and using the public's money. In addition, ROO employees received training to help them more effectively conduct their oversight responsibilities and enhance their collaboration with the DOI. In turn, ROO developed a training program to foster a cadre of acquisition fraud specialists within the OIG to augment the organization's investigative skills in the area of procurement and grant fraud, as well as anti-trust violations.

Approximately 40 BLM law enforcement officers received training on the Recovery Act and ROO's oversight role during their meeting in Salt Lake City, UT. In response to an invitation from the Denver chapter of the Association of Government Accountants, ROO staff presented on the topics of the Recovery Act, ROO's role, and DOI's progress. Approximately 150 people attended.

In stand-alone presentations and as a component of DOI University's Contracting Officer's Technical Representative course, OIG presenters

The Republic of Palau hosted ROO staff for a fraud training program to enhance officials' abilities to detect and deter illicit activities.



taught DOI employees how to recognize and report indicators of potential fraud. To date, ROO has delivered fraud awareness training to approximately 8400 employees from all six DOI agencies receiving Recovery funds. ROO also delivered a special presentation on fraud awareness and ethics to a contractor initially proposed for debarment. This was part of an administrative compliance agreement. One Bureau of Reclamation (BOR) grant recipient received a fraud prevention briefing as proactive training.

ROO staff presented at the March 2010 Native American Finance Officers Conference, discussing the new single audit requirements and issues that have emerged as a result of the Recovery Act. Approximately 40 auditors and tribal officials attended. In addition, a one-day training session was held in October 2009 for tribal independent public accountants. We reviewed the single audit quality and potential fraud issues, as well as tribal program topics.

ROO provided training on Davis-Bacon Act requirements for paying prevailing wages on federal construction contracts and on Copeland “Anti-Kickback” Act compliance reporting provisions. We held sessions in Sacramento for BOR grant recipients and employees and in Portland for FWS and BLM employees.

Mobilization

During the first quarter of Fiscal Year 2010, the Secretary announced his goal to accelerate mobilization of Recovery Act projects by three months so that work would be “on-the-ground” by June 30, 2010. This goal required contracts be awarded and funds obligated by no later than May 2010. Several bureaus further accelerated this obligation goal by requiring that all projects be awarded by March 31, 2010.

In a spirit of collaboration with DOI and in response to this very challenging environment, ROO provided DOI with periodic issues reports containing timely information for consideration and possible action. To accomplish this task, ROO visited four NPS regional offices and 11 park units, two FWS regional offices, two BOR regional offices, five BIA regional offices, one USGS regional office and two project sites, and eight BLM state and six field offices to assess the impact of accelerated mobilization. ROO staff

assessed the accuracy of reported data, identified barriers to mobilization success, and established relationships with field-level staff in the bureaus critical to executing accelerated projects. DOI employees in the field had the opportunity to provide informal, anecdotal information and concerns to be shared with DOI management to facilitate communications and improve implementation of Recovery projects. ROO continues its ongoing endeavor to identify pressing issues to assist DOI with expediting Recovery implementation efforts.

Suspension and Debarment

Suspending or debaring irresponsible entities from doing business with the Government is one way to help prevent waste of Recovery Act funds. The OIG made 10 suspension and debarment referrals to DOI during this semiannual period. Action was taken on seven, and administrative compliance agreements were entered into with two parties. The use of administrative agreements is an alternative approach that may be appropriate in certain circumstances to protect federal interests, while offering an opportunity for a company to rehabilitate and continue to receive federal awards.

Approximately 86 DOI employees attended suspension and debarment (S&D) training jointly conducted by ROO and the DOI. An additional 58 DOI employees— law enforcement agents and investigators, as well as contracting officers from NPS, NBC, BOR, and BLM— along with 46 OIG employees also received S&D training from ROO. These seminars cover suspension and debarment purposes and procedures, the OIG’s role in coordinating investigations with other federal agencies, and the ways in which the DOI suspension and debarment official implements OIG recommendations for action. Training was also provided to 12 members of the American Bar Association.

Thanks to effective collaboration between ROO and Office of Acquisition and Property Management, DOI has made dramatic, positive achievements in its S&D program. ROO continues to provide comments and recommendations regarding proposed guidance and other materials to assist DOI efforts to protect the integrity of its procurement programs.

MMS Employee Sentenced

Suzan Bacigalupi, a former MMS regional chief of information management, was sentenced on November 4, 2009, for submitting fraudulent travel vouchers associated with temporary duty travel made in 2005 at the time of Hurricane Katrina. Her actions came to our attention as the result of an OIG audit of federal purchase card and travel card transactions. Two lodging charges identified on Bacigalupi's travel voucher did not show up on her government travel card. Rather, she attempted to obtain reimbursement for lodging that she claimed having paid for the use of a friend's house. Bacigalupi received a year of probation and restitution of \$2,960.

Contaminants Biologist Resigns After Ethical Conflicts

An FWS contaminants biologist in the Bloomington, IN field office, left the agency on October 23, 2009, following confirmation of ethical violations. Originally as director and founder of the Indiana Biological Survey-Aquatic Research Center (IBS), he represented this organization in contract negotiations with federal and state agencies. Our OIG investigation revealed that the biologist represented IBS with several state government organizations while employed by FWS, that he abused sick leave while performing IBS duties and pursuing outside employment, and that he received more than \$149,700 in rent through a lease agreement with IBS as well as other financial benefits that included unknown sums in the form of royalties and book sales. IBS is a committee of the Indiana Academy of Science, and is described as a volunteer organization. The biologist became involved with it as a volunteer while employed by the U.S. Environmental Protection Agency. In 1998, when hired by FWS, he continued to work with IBS, and in 2004 he founded the Aquatic Research Center, described as a separate, not-for-profit arm of IBS. Although he had informed his supervisor of his IBS involvement, his supervisor believed the work to be strictly voluntary, consisting of fieldwork performed on weekends. As the biologist's ethical conflicts became clear, he submitted his resignation.

Monington Sentenced After Investigation Reveals Forged Documents

On February 1, 2010, in U. S. District Court, Rapid City, SD, David Andrew Monington was sentenced to 10 months incarceration, restitution in the amount of \$5,000 payable to Monington's former employer, and 36 months of supervised probation upon his release from prison. In addition, Monington was ordered to pay for his incarceration and undergo psychiatric treatment as deemed necessary by the U S Probation Office. He was ordered to self surrender on February 2, 2010 to begin serving his sentence. The October 2009 Semiannual Report to the Congress reported on this case when Monington was first indicted.

The sentencing concluded an investigation that began in December 2007 when BLM initiated a joint inquiry into allegations of fraud concerning Monington, then operating as Midwest Fire Suppression in Miles City, MT. In order to operate, Monington forged numerous documents to obtain fire suppression-related employment that allowed him to serve in supervisory positions. The documents contained forged signatures of employees with the state governments of South Dakota and Wyoming. At the conclusion of the sentencing, the judge noted that Monington's actions were so egregious as to warrant incarceration and that they indicated he felt he could do whatever he wanted to promote his own self interest. She noted for the record that his criminal actions had placed fire fighters at risk.

Grand Jury Indicts Tribal Members

The Fort Peck Tribal Credit Program is an agency of the Assiniboine and Sioux Tribes in Montana. It is authorized to issue short and long-term loans to tribal members, depending on the purpose of the loan. BIA employees Shelly Devonne Pipe and Paul James Bemer, and tribal employees Evadna Running Bear, Dolly Diane Crowe, Connie Jean Smith and Angelita Marie Headdress have been charged with conspiring with others to embezzle, steal, and willfully misapply at least \$1 million in fraudulent loans and lost interest income. Their objective was to obtain

funds from tribal bank accounts, using the Fort Peck Tribal Credit Program, which allowed them to issue and approve tribal loans and miscellaneous payments to federal and tribal employees of the credit office.

On January 20, 2010, defendants were indicted on 13 felony violations including Conspiracy to Embezzle Funds from the Fort Peck Credit Program, Embezzlement, Conspiracy to Obstruct a Federal Audit, Obstruction of a Federal Audit and Conversion of Property by a Federal Employee.

On February 23, 2010, the six defendants appeared in U. S. District Court in Great Falls, MT. Each entered a plea of not guilty to the indictment. Shelly Pipe, the loan specialist, has been placed on indefinite suspension without pay pending the resolution of criminal proceedings. Paul Bemer, a former loan assistant, resigned from federal service in December 2009. All four tribal employees were fired from their positions by the Fort Peck Tribes in July 2009.

The western United States is a focal point for many DOI programs, particularly those that involve water distribution. Photo from Navajo Lands area by Bryan Brazil.



Appendices

Horseshoe Bend, where the Colorado River meanders through Page, Arizona. The headwaters are in Rocky Mountain National Park. The river serves numerous communities before it reaches the Gulf of California.



STATISTICAL HIGHLIGHTS

Investigative Activities

Cases Closed	269
Cases Opened	265
Hotline Complaints/Inquiries Received	134

Criminal Prosecution Activities

Indictments/Informations	11
Convictions.....	18
Sentencings	8
- Jail.....	49 months
- Criminal Penalties.....	\$222,551
- Probation	204 months
- Community Service	240 hours
Criminal Matters Referred for Prosecution	19
Criminal Matters Declined This Period	20

Civil Investigative Activities

Civil Referrals	5
Civil Declinations.....	4

Administrative Investigative Activities

Removals.....	3
Resignations	1
Suspensions	10 (97 days)
Retirements.....	2
Reprimands/Counseling.....	12
Reassignments/Transfers	1
General Policy Actions.....	17
Contractor Suspensions.....	3
Contractor Debarments	21
Bureau Non-Responsive*.....	25

(Bureau of Indian Affairs – 17; Bureau of Indian Education – 3; National Park Service – 5)

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

STATISTICAL HIGHLIGHTS

Audit and Evaluation Related Activities

Reports Issued.....	35
Performance Audits, Financial Audits, Evaluations, Inspections, and Verifications.....	25
Contract and Grant Audits.....	10

Audit and Evaluation Impacts

Total Monetary Impacts.....	\$5,654,928
Questioned Costs (includes unsupported costs).....	\$5,149,876
Recommendations That Funds Be Put to Better Use.....	\$505,052

Audit and Evaluation Recommendations Made.....	260
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Audit and Evaluation Recommendations Closed.....	312
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Recovery Oversight Office Activities

Products Issued.....	39
Advisories.....	15
Other Products.....	24

Wind farms have been proposed for locations far from land where the wind blows harder and more powerful turbines can be installed.



Reports Issued During the Six-Month Reporting Period

This listing includes all reports issued during the 6-month period that ended March 31, 2010. It provides report number, title, issue date, and monetary amounts identified in each report (* Funds To Be Put To Better Use, ** Questioned Cost, and *** Unsupported Cost).

Audits, Evaluations, and Verifications

Bureau of Indian Affairs

ER-IN-BIA-0004-2009	Office of Inspector General's Independent Report on the "ONDCP (Office of National Drug Control Policy) Performance Summary Report - BIA" (11/10/2009).
C-IS-BIA-0004-2010	Inspection Report - Museum Collections: Preservation and Protection Issues with Collections Maintained by the Bureau of Indian Affairs (01/29/2010).
WR-EV-BIA-0015-2009	Management Advisory Report - Bureau of Indian Affairs' Contract with the National Native American Law Enforcement Association Contract No. CBK00090002 (02/02/2010).
NM-EV-BIE-0003-2008	Evaluation Report - School Violence Prevention (02/03/2010).

Bureau of Land Management

C-IS-BLM-0005-2010	Inspection Report - Museum Collections: Preservation and Protection Issues with Collections Maintained by the Bureau of Land Management (01/29/2010).
WR-IS-BLM-0001-2010	Letter Report to the Honorable John Culberson Concerning the Emerald Mountain Land Exchange in Northwest Colorado (03/03/2010).

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).
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Multi-Office Assignments

X-IN-MOA-0001-2010	Independent Auditors' Report on the Department of the Interior Special-Purpose Financial Statements for Fiscal Years 2009 and 2008 (11/16/2009).
X-IN-MOA-0018-2009	Independent Auditors' Report on the Department of the Interior Financial Statements for Fiscal Years 2009 and 2008 (11/16/2009).
C-IN-MOA-0010-2008	Final Audit Report, "Department of the Interior Accountability and Preservation of Museum Collections" (12/16/2009).
C-EV-MOA-0003-2009	Evaluation Report - Department of the Interior's Roads Program - The Dangers of Decentralization (02/01/2010).
CR-IS-MOA-0004-2009	Inspection Report - BLM and MMS Beneficial Use Deductions (03/08/2010).
C-IN-MOA-0004-2009	Evaluation Report - Geothermal Royalties (03/09/2010).
X-IN-MOA-0002-2010	Management Letter Concerning Issues Identified During the Audit of the Department of the Interior Financial Statements for Fiscal Years 2009 and 2008 (03/10/2010).

National Park Service

B-EV-NPS-0001-2010	DC Water and Sewer Payment - 4th Quarter 2009 (11/03/2009).
C-IS-NPS-0008-2010	Inspection Report - Museum Collections: Preservation and Protection Issues with Collections Maintained by the National Park Service (01/29/2010).

Office of Insular Affairs

VI-IS-VIS-0005-2009	Evaluation Report - Closeout Review of Watch Quota Data for Tropex Watch Company for Calendar Year 2009 (11/13/2009).
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VI-EV-VIS-0002-2009 Evaluation Report - Energy Production in the Virgin Islands (12/28/2009).

VI-IS-VIS-0004-2009 Inspection Report - Security Improvements at the Governor's Private Residence (01/19/2010)
**\$490,000.

Office of the Secretary

WR-EV-OSS-0012-2009 Evaluation Report on the Department of the Interior's Appraisal Operations (12/23/2009).

Office of the Special Trustee

Q-IN-OST-0001-2009 Independent Auditors' Report on the Tribal and Other Trust Funds Financial Statements for Fiscal Year 2009 and Fiscal Year 2008 (11/18/2009).

Q-IN-OST-0002-2009 Independent Auditors' Report on the Individual Indian Monies Trust Funds Financial Statements for Fiscal Year 2009 and Fiscal Year 2008 (11/18/2009).

Q-IN-OST-0003-2009 Management Letter Concerning Issues Identified During the Audit of the Office of the Special Trustee for American Indians Individual Monies (IIM), and Tribal and Other Trust Funds Financial Statements for Fiscal Years 2009 and 2008 (11/18/2009).

U.S. Fish and Wildlife Service

C-IS-FWS-0007-2010 Inspection Report - Museum Collections: Preservation and Protection Issues with Collections Maintained by the Fish and Wildlife Service (01/29/2010).

Contract and Grant Audits

Bureau of Reclamation

K-CX-BOR-0005-2009 Columbia Resource Conservation District's Proposal for a Cost Reimbursement Contract With the Bureau of Reclamation Under Solicitation No. 09SP200107B, for the Operation and Maintenance of the Columbia Mowry Distribution Facilities (12/04/2009) *\$505,202.

National Park Service

K-CX-NPS-0006-2009 Westwind Contracting, Inc. Settlement Proposal for Termination for Convenience of the Government under Contract No. C5297080232, Hole in the Donut Remediation in Everglades, With the National Park Service (11/24/2009) **\$321,946 ***\$27,149.

U.S. Fish and Wildlife Service

R-GR-FWS-0008-2009 U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the Commonwealth of Pennsylvania Game Commission From July 1, 2006, Through June 30, 2008 (11/12/2009) ***\$2,689,153.

R-GR-FWS-0005-2009 U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Texas Parks and Wildlife Department, From September 1, 2006, Through August 31, 2008 (11/13/2009) **\$431,233 ***\$779,624.

R-GR-FWS-009-2009 U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the Commonwealth of Puerto Rico Department of Natural and Environmental Resources, From July 1, 2006, Through June 30, 2008 (12/03/2009).

R-GR-FWS-0006-2009	U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the American Samoa Government, Department of Marine and Wildlife Resources, From October 1, 2006, Through September 30, 2008 (12/07/2009) **\$14,996 ***\$1,629.
R-GR-FWS-0007-2009	U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Nevada Department of Wildlife, From July 1, 2006, Through June 30, 2008 (01/15/2010) ***\$271,588.
R-GR-FWS-0011-2009	U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Utah Department of Natural Resources, Division of Wildlife Resources, From July 1, 2006, Through June 30, 2008 (01/29/2010) ****\$302,431.
R-GR-FWS-0002-2010	U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Massachusetts, Department of Fish and Game, Division of Fisheries and Wildlife, From July 1, 2007, to June 30, 2009 (02/18/2010).
R-GR-FWS-0010-2009	U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the District of Columbia, Department of the Environment, From October 1, 2006, Through September 30, 2008 (02/26/2010) **\$43,838 ***\$100,358.

Recovery Oversight Office Reviews

Bureau of Indian Affairs

ROO-ROA-BIA-2007-2009	Recovery Oversight Advisory – BIA’s Lack of Compliance in Properly Reporting Contract Actions (11/24/2009).
ROO-ROA-BIA-2005-2010	Recovery Oversight Advisory – Bureau of Indian Affairs Construction Workforce On-the-Job Training in Maintenance Program (02/04/2010).

Bureau of Land Management

- ROO-ROA-BLM-S005-2010 Review of Potential Competition Irregularities at Oregon State Bureau of Land Management (12/31/2009).
- ROO-ROA-BLM-3001-2010 Recovery Oversight Advisory – Bureau of Land Management State Office Early Implementation Efforts and Project Tracking (01/14/2010).

Bureau of Reclamation

- ROO-ROA-BOR-4001-2010 Recovery Oversight Advisory – Weber Siphon Project, Solicitation No. 09SP101727 (02/25/2010).

Multi-Office Assignments

- ROO-ROA-MOA-1017-2009 Recovery Oversight Advisory – Use of Recovery Act Funds for Aquariums (10/06/2009).
- ROO-IN-MOA-A001-2009 Recovery Oversight Audit – Interim Audit Report of Recovery Act Data Quality Review (10/30/2009).
- ROO-ROA-MOA-1013-2009 Recovery Oversight Advisory – Concerned About Catalog of Federal Domestic Assistance Numbers (11/24/2009).
- ROO-ROA-MOA-1016-2009 Recovery Oversight Advisory – Youth Cooperative Agreements at Mount Rainier National Park (01/10/2010).
- ROO-ROA-MOA-1008-2009 Recovery Oversight Advisory – Ongoing Challenges with Clarity of Roles and Responsibilities and Analysis of Acquisition Workforce Capacity (01/27/2010).
- ROO-ROA-MOA-1017-2010 Recovery Oversight Advisory – Indefinite Delivery-Indefinite Quantity Contract Awards (03/31/2010).

U.S. Fish and Wildlife Service

- ROO-ROA-FWS-5003-2010 Recovery Oversight Advisory – Review of the U.S. Fish and Wildlife Service Construction and Capital Improvement Program (02/04/2010).
- ROO-ROA-FWS-5001-2010 Recovery Oversight Advisory – Problems with Recovery Act Purchase Order No. 10181RM578 for Program Management Services (03/29/2010).
- ROO-ROA-FWS-5004-2010 Recovery Oversight Advisory – Review of the Selected U.S. Fish and Wildlife Service Cooperative Agreements (03/31/2010).

U.S. Geological Service

- ROO-ROA-GSV-7001-2010 Recovery Oversight Advisory – Concerns about IDIQ Contract No. 08ERCN0017, et al. (02/04/2010).

Hikers at Bryce Canyon National Park in Utah. Managed by the National Park Service, Bryce is a favorite recreational location for visitors who enjoy the dramatic geology offered by the park. Photo by Bryan Brazil.



Monetary Resolution Activities

Table I: Inspector General Reports With Questioned Costs*

	Number of Reports	Questioned Costs	Unsupported Costs
A. For which no management decision had been made by the commencement of the reporting period.	25	\$12,746,560	\$5,344,221
B. Which were issued during the reporting period.	6	\$4,659,876	\$3,883,442
Total (A+B)	31	\$17,406,436	\$9,227,663
C. For which a management decision was made during the reporting period.	26	\$16,135,605	\$8,612,003
(i) Dollar value of recommendations that were agreed to by management.		\$8,040,876	\$4,321,588
(ii) Dollar value of recommendations that were not agreed to by management.		\$8,094,729	\$4,290,445
D. For which no management decision had been made by the end of the reporting period.	5	\$1,270,831	\$615,630

*Unsupported costs are included in questioned costs.

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 had been made by the commencement of the reporting period.	12	\$17,097,023
B. Which were issued during the reporting period.	1	\$505,052
Total (A+B)	13	\$17,602,075
C. For which a management decision was made during the reporting period.	1	\$3,206,604
(i) Dollar value of recommendations that were agreed to by management.		\$3,206,604
(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.	12	\$14,395,471

Summary of Reports Over 6 Months Old Pending Management Decisions

This listing includes a summary of audit and evaluation reports that were more than 6 months old on March 31, 2010, and still pending a management decision. It provides report number, title, issue date, and number of unresolved recommendations.

Audits and Evaluations

Bureau of Indian Affairs

- | | |
|---------------------|---|
| NM-EV-BIE-0001-2008 | Evaluation of Controls to Prevent Violence at Bureau of Indian Education Operated Education Facilities (08/01/2008); 3 Recommendations. |
| NM-IS-BIA-0002-2008 | Inspection of the Implementation of the Motor Vehicle Operation Policy, Bureau of Indian Affairs (07/31/2008); 6 Recommendations. |
| WR-IV-BIA-0001-2009 | BIA Alaska Regional Indian Reservation Roads Program Rife with Mismanagement and Lacking Program Oversight (02/09/2009); 4 Recommendations. |

Multi-Office Assignments

- | | |
|--------------------|---|
| C-IN-MOA-0004-2007 | Abandoned Mine Lands in the Department of the Interior (07/24/2008); 4 Recommendations. |
|--------------------|---|

Office of Insular Affairs

- | | |
|---------------------|---|
| HI-EV-GUA-0002-2008 | Guam's Tax Collection Activities: Office of Insular Affairs Involvement Needed to Achieve Lasting Improvements (11/28/2008); 2 Recommendations. |
| P-EV-FSM-0001-2007 | Kosrae State, Federated States of Micronesia: Property Accountability Process Needs To Be Improved (10/17/2007); 3 Recommendations. |

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.

Contracts and Grants

Insular Area Reports

P-GR-NMI-0003-2005 Evaluation of Saipan Public Health Facility Project: Oversight of Capital Improvement Projects, Commonwealth of the Northern Mariana Islands (06/08/2007); 1 Recommendation.

U.S. Fish and Wildlife Service

R-GR-FWS-0029-2003 U.S. Fish and Wildlife Service Federal Assistance Grants Administered by the State of Washington, Department of Fish and Wildlife from July 1, 2000, through June 30, 2002 (03/31/2004); 1 Recommendation.

R-GR-FWS-0025-2003 U.S. Fish and Wildlife Service Federal Assistance Grants Administered by the State of New York, Department of Environmental Conservation, Division of Fish, Wildlife and Marine Resources, From April 1, 2000, Through March 31, 2002 (05/06/2004); 1 Recommendation.

R-GR-FWS-0008-2004 U.S. Fish and Wildlife Service Federal Assistance Grants Administered by the State of Idaho, Department of Fish and Game, From July 1, 2001, Through June 30, 2003 (09/30/2005); 15 Recommendations.

Summary of Reports Over 6 Months Old Pending Corrective Action

This is a listing of audit 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 Focus Leader for Management Control and Audit Follow-up, Assistant Secretary, Policy, Management and Budget, for completion of corrective action.

Bureau of Indian Affairs

2003-I-0055	Evaluation of the Bureau of Indian Affairs' Process to Approve Tribal Gaming Revenue Allocation Plans (06/11/2003); 3 Recommendations.
C-IN-BIA-0017-2005	Bureau of Indian Affairs, Radio Communications Program (01/31/2007); 2 Recommendations.
X-IN-BIA-0008-2008	Management Letter Concerning Issues Identified During the Audit of the Indian Affairs Financial Statements for Fiscal Years 2007 and 2006 (02/21/2008); 1 Recommendation.
WR-IV-BIA-0001-2009	BIA Alaska Regional Indian Reservation Roads Program Rife with Mismanagement and Lacking Program Oversight (02/09/2009); 3 Recommendations.

Bureau of Land Management

C-IN-BLM-0013-2005	Public Safety Issues at the Saginaw Hill Property Bureau of Land Management (03/15/2005); 1 Recommendation.
C-IN-BLM-0012-2007	Flash Report - Environmental, Health and Safety Issues at Bureau of Land Management Ridgecrest Field Office Rand Mining District, CA (09/12/2007); 2 Recommendations.

C-IN-MOA-0004-2007	Abandoned Mine Lands in the Department of the Interior (07/24/2008); 2 Recommendations.
WR-IV-BLM-0003-2008	Immediate Action Needed to Stop the Inappropriate Use of Cooperative Agreements in BLM's Helium Program (08/19/2008); 5 Recommendations.
C-IN-BLM-0011-2008	Bureau of Land Management - Mining Claimant Administration (05/04/2009); 3 Recommendations.
WR-IV-BLM-0008-2009	Senator Feinstein's Earmark for California Abandoned Mine Lands (06/10/2009); 1 Recommendation.
CR-EV-BLM-0002-2009	Evaluation of Bureau of Land Management's Oil and Gas Lease Auction Process (08/26/2009); 5 Recommendations.

Multi-Office Assignments

C-IN-MOA-0042-2003	Fleet Management Operations, U.S. Department of the Interior (02/09/2004); 1 Recommendation.
E-IN-MOA-0008-2004	Department of the Interior Workers' Compensation Program (05/09/2005); 2 Recommendations.
C-IN-MOA-0049-2004	Department of the Interior Concessions Management (06/13/2005); 1 Recommendation.
C-IN-MOA-0007-2005	U.S. Department of the Interior Radio Communications Program (01/30/2007); 5 Recommendations.
W-IN-MOA-0086-2004	Proper Use of Cooperative Agreements Could Improve Interior's Initiatives for Collaborative Partnerships (01/31/2007); 1 Recommendation.
W-IN-MOA-0008-2005	Private Uses of Public Lands, National Park Service and Bureau of Land Management (04/10/2007); 1 Recommendation.

C-IN-MOA-0011-2006	Health and Safety Concerns at Department of the Interior’s Facilities (03/26/2008); 2 Recommendations.
C-IN-MOA-0004-2007	Abandoned Mine Lands in the Department of the Interior (07/24/2008); 3 Recommendations.
C-IS-MOI-0008-2008	DOI Fuels Consumption Data is Incorrectly Reported (11/04/2008); 2 Recommendations.
C-EV-MOA-0009-2008	Evaluation Report on Oil and Gas Production on Federal Leases: No Simple Answer (02/27/2009); 5 Recommendations.
WR-EV-MOI-0006-2008	Evaluation of the Department of the Interior’s Accountability of Desktop and Laptop Computers and their Sensitive Data (04/24/2009); 4 Recommendations.
WR-EV-MOI-0008-2008	Employee Relocation, U.S. Department of the Interior (09/21/2009); 3 Recommendations.
WR-EV-MOA-0004-2008	Evaluation of Department of the Interior Challenge Cost Share Programs (09/25/2009); 24 Recommendations.
WR-IS-MOA-0019-2009	Follow-up to OIG’s 2008 Evaluation Report, “Interior Misstated Achievement of Small Business Goals by Including Fortune 500 Companies (Report No. W-EV-MOI-003-2008)” (09/29/2009); 2 Recommendations.
National Park Service	
1998-I-0406	Follow-up of Recommendations Concerning Utility Rates Imposed by the National Park Service (04/15/1998); 5 Recommendations.
2002-I-0045	Recreational Fee Demonstration Program - National Park Service and Bureau of Land Management (08/19/2002); 1 Recommendation.

P-IN-NPS-0105-2003	National Park Service Management of Selected Grants in Hawaii (07/30/2004); 2 Recommendations.
P-IN-NPS-0074-2004	Hawaii Volcanoes National Park: Improved Operations Should Enhance Stewardship and Visitor Experience (03/31/2006); 2 Recommendations.
C-IN-NPS-0007-2007	Flash Report - National Park Service: Hazardous Condition of Yosemite's Wawona Tunnel Endangers Lives (06/20/2007); 1 Recommendation.
C-IN-MOA-0004-2007	Abandoned Mine Lands in the Department of the Interior (07/24/2008); 2 Recommendations.
Y-EV-NPS-0004-2008	History Collection in Jeopardy at Harpers Ferry Center (07/25/2008); 1 Recommendation.
C-IN-MOA-0006-2007	DOI's Hurricane Rebuilding Efforts (09/03/2008); 2 Recommendations.

Office of the Special Trustee

Q-CX-MOA-0005-2006	Chavarria, Dunne, and Lamey LLC Contract Deliverables (06/27/2008); 2 Recommendations.
Q-IN-OST-0002-2008	Independent Auditors' Report on the Individual Indian Monies Trust Funds Financial Statements for Fiscal Years 2008 and 2007 (11/18/2008); 1 Recommendation.
Q-IN-OST-0004-2008	Independent Auditors' Report on the Tribal and Other Trust Funds Financial Statements for Fiscal Years 2008 and 2007 (11/18/2008); 1 Recommendation.

Office of the Secretary

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- C-IN-FWS-0009-2007 Flash Report - Fish and Wildlife Service: Jackson National Fish Hatchery In Need of Immediate Action (05/08/2007); 2 Recommendations.
- X-IN-FWS-0005-2008 Management Letter Concerning Issues Identified During the Audit of the U.S. Fish and Wildlife Service Financial Statements for Fiscal Years 2007 and 2006 (01/28/2008); 1 Recommendation.
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- X-IN-FWS-0024-2006 Independent Biennial Auditors' Report on the Expenditures and Obligations Used by the Secretary of the Interior in the Administration of the Wildlife and Sport Fish Restoration Programs for Fiscal Years 2003 Through 2004 and Fiscal Years 2005 Through 2006 (05/14/2009); 2 Recommendations.

K-CX-FWS-0004-2009 Costs Associated with the WECC, Inc. Request for Equitable Adjustment under Contract No. 401817C012 with the U.S. Fish and Wildlife Service (09/30/2009); 1 Recommendation.

Insular Affairs Reports*

V-IN-VIS-0004-2005 Controls Over Video Lottery Terminal Operations, Government of the Virgin Islands (06/08/2007); 2 Recommendations.

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P-EV-GUA-0002-2008 Tax Collection Activities, Government of Guam, Revitalized Tax Collection and Enforcement Effort Needed (11/26/2008); 2 Recommendations.

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VI-IS-VIS-0002-2008 Final Evaluation Report Virgin Islands Police Department Evidence Integrity at Risk (03/31/2009); 10 Recommendations.

*These Insular Area reports contain recommendations made specifically to Insular Area governors and other Insular Area officials, who do not report to the Secretary of the Interior and who are not subject to the policy, guidance, and administrative oversight established by the Assistant Secretary—Policy, Management and Budget.

Cross-References to the Inspector General Act

		Page
Section 4(a)(2)	Review of Legislation and Regulations	N/A*
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	1-25
Section 5(a)(2)	Recommendations for Corrective Action With Respect to Significant Problems, Abuses, and Deficiencies	46-48
Section 5(a)(3)	Significant Recommendations From Agency’s Previous Reports on Which Corrective Action Has Not Been Completed	40-45
Section 5(a)(4)	Matters Referred to Prosecutive Authorities and Resulting Convictions	27
Section 5(a)(5)	Matters Reported to the Head of the Agency	N/A
Section 5(a)(6)	Audit Reports Issued During the Reporting Period	30-36
Section 5(a)(7)	Summary of Significant Reports	1-25
Section 5(a)(8)	Statistical Table: Questioned Costs	38
Section 5(a)(9)	Statistical Table: Recommendations That Funds Be Put to Better Use	39
Section 5(a)(10)	Summary of Audit Reports Issued Before the Commencement of the Reporting Period for Which No Management Decision Has Been Made	40-41
Section 5(a)(11)	Significant Revised Management Decisions Made During the Reporting Period	N/A
Section 5(a)(12)	Significant Management Decisions With Which the Inspector General Is in Disagreement	N/A
Section 5(a)(13)	Information Described Under Section 804(b) of the Federal Financial Management Improvement Act of 1996	N/A

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



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Yosemite at sunset. Photo by Bryan Brazil.

