



SEMIANNUAL REPORT TO THE CONGRESS OCTOBER 2007



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



MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to present the results and accomplishments of the Office of Inspector General (OIG) from April 1, 2007, through September 30, 2007.

We finally completed a 3-year-long investigation into the relationship between J. Steven Griles, former Deputy Secretary of the Department of the Interior (DOI), and convicted lobbyist Jack Abramoff. In March 2007, Griles pleaded guilty in U.S. District Court for the District of Columbia to one count of obstruction of proceedings before the U.S. Senate. Griles acknowledged that, contrary to his statement and Senate testimony, Abramoff had enjoyed special access to him at DOI. He admitted that, during his interview and testimony, he had lied about their relationship. Griles further admitted in his plea that Abramoff – both directly and through Italia Federici, former President of the Council of Republicans for Environmental Advocacy – sought and received advice and intervention on issues within DOI’s jurisdiction that directly affected Abramoff and his clients. Griles was sentenced to 10 months of incarceration and a fine of \$30,000. He began serving his sentence on September 13, 2007; his release date is July 13, 2008.

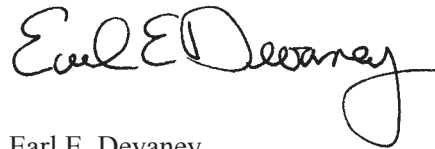
During this reporting period, we also closed two investigations involving *qui tam* – or false claims – lawsuits filed by private citizens on behalf of the United States alleging that defendants defrauded the government. A person who files a *qui tam* lawsuit may receive between 15 and 30 percent of any money recovered. The OIG, with the Department of Justice (DOJ), intervened in a *qui tam* lawsuit filed by a private citizen and investigated widespread underpayment of federal royalties for the production of natural gas by multiple oil companies on land owned by tribes. The company settled with the government for over \$100 million. This settlement brings the total of *qui tam* recoveries in which the OIG has participated to over \$600 million from U.S. companies operating oil, natural gas, coal, and other activities on federal and Indian lands.

We also investigated the legitimacy of claims made in a series of *qui tam* lawsuits filed by MMS auditors against oil companies. The auditors claimed the companies underpaid royalties and interest owed to the federal government. During our investigation, we found concerns with MMS’s complex relationship with the energy industry; a profound failure in the development of a critical IT system module that calculates interest on royalty payments; and a working environment where poor communication compounded distrust by MMS employees.

However, we determined that the claims made in the auditors’ *qui tam* lawsuits were either based on a lack of knowledge of other MMS efforts to collect royalties and interest or the auditors disagreed with both MMS management decisions and MMS guidance that the companies were following.

Also during this reporting period, the OIG Office of Audits issued three flash reports on serious safety conditions at abandoned mine sites, Bureau of Indian Education schools, and the Jackson National Fish Hatchery. We issue flash reports only when we find conditions so unsafe that DOI officials and the public must be immediately informed.

In addition to the prominent cases we highlight here, we hope all of the accomplishments we outline in this *Semiannual Report* demonstrate our commitment to producing results for the American people.

A handwritten signature in black ink, reading "Earl E. Devaney". The signature is fluid and cursive, with the first name "Earl" and last name "Devaney" clearly legible, and "E." in the middle.

Earl E. Devaney
Inspector General

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INVESTIGATIONS STATISTICAL HIGHLIGHTS

INVESTIGATIVE ACTIVITIES

Cases Closed	282
New Cases Opened	209
Hotline Complaints/Inquiries Received	70

CRIMINAL INVESTIGATIVE ACTIVITIES

Indictments/Information	39
Convictions	17
Sentencings	15
- Jail	117 months
- Probation	498 months
- Community Service	400 hours
- Criminal Penalties	\$176,253
Criminal Matters Referred for Prosecution	32
Criminal Matters Declined	26

CIVIL INVESTIGATIVE ACTIVITIES

Civil Referrals	4
Civil Declinations	5
Civil Judgements/Settlements	\$105,469,226

ADMINISTRATIVE INVESTIGATIVE ACTIVITIES

Removals	2
Downgrades	1
Contractor Debarments	3
Retirements	1
Suspensions	6
Resignations	3
Reprimands/Counseling	13
Reassignments/Transfers	1
General Policy Actions	17
Administrative Recoveries	\$2,234,500
Bureau Non-Responsive*	12

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

AUDITS STATISTICAL HIGHLIGHTS

AUDIT AND RELATED ACTIVITIES

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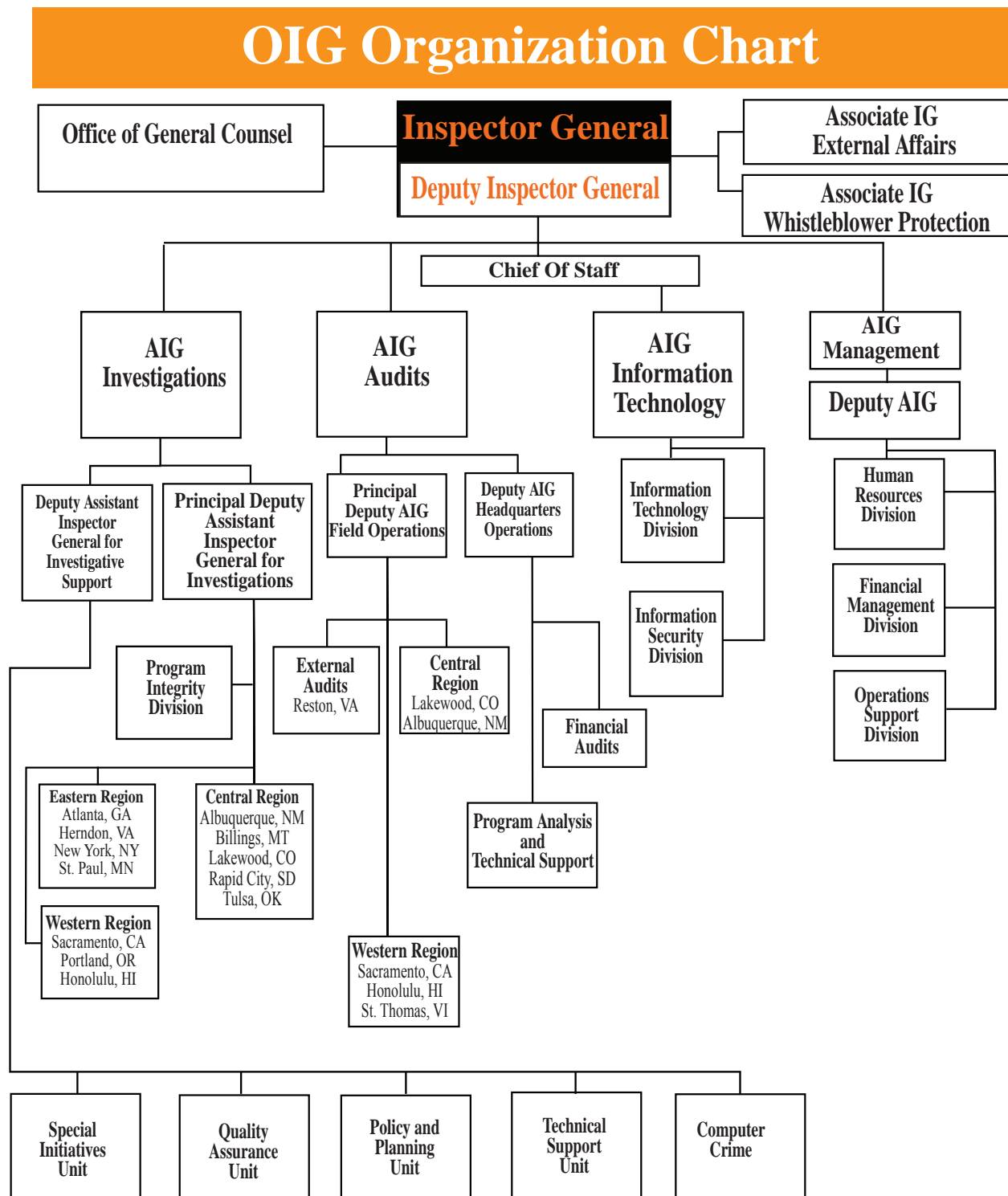
AUDIT AND EVALUATION IMPACTS

TOTAL MONETARY IMPACTS.....	\$20,719,581
Questioned Costs (includes unsupported costs).....	\$5,144,533
Recommendations That Funds Be Put to Better Use.....	\$8,732,625
Lost or Potential Additional Revenues	\$6,842,423
Wasted Funds*	0

AUDIT AND EVALUATION RECOMMENDATIONS MADE.....	123
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* Wasted Funds is a category used to classify funds that were wasted and cannot be recovered.



MISSION AND TOP MANAGEMENT CHALLENGES FOR THE OFFICE OF INSPECTOR GENERAL

MISSION

The mission of the OIG is to promote excellence, integrity, and accountability in the programs, operations, and management of DOI.

RESPONSIBILITIES

The OIG is responsible for independently and objectively identifying risks and vulnerabilities that directly impact, or could 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, evaluations, assessments, and investigations relating to the programs and operations of DOI. Our activities are tied directly to DOI's 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, which greatly influences key decisionmakers and increases the likelihood that we will achieve desired outcomes and results that benefit the public.

DOI'S TOP MANAGEMENT CHALLENGES	
Financial Management	
Information Technology	
Health, Safety, and Emergency Management	
Maintenance of Facilities	
Responsibility to Indians and Insular Areas	
Resource Protection and Restoration	
Revenue Collections	
Procurement, Contracts, and Grants	

DEPARTMENT OF THE INTERIOR



DOI FORMER DEPUTY SECRETARY PLEADS GUILTY AND GOES TO PRISON

On March 23, 2007, former Deputy Secretary of the Interior Steven J. Griles pleaded guilty to a one count criminal information. He was charged with obstruction of U.S. Senate proceedings. Griles admitted that he obstructed the Senate's power of inquiry when he withheld material information and that he continually lied to the investigators and to senators.

On October 20 and November 5, 2005, Griles appeared before investigators and members of the U.S. Senate Committee on Indian Affairs to answer questions and testify about his relationship with former Washington, D.C., lobbyist Jack Abramoff. Griles withheld information about the nature of his relationship with Italia Federici, who, in her capacity as president of the Council of Republicans for Environmental Advocacy, introduced him to Abramoff.

Griles also withheld information about Abramoff's access to him. His obstruction prevented the congressional inquiry from discovering the true extent of Abramoff's access to Griles, the official acts and favors Griles performed for Abramoff, the return favors Griles requested of Abramoff, and the employment negotiations between Griles and Abramoff. Griles was sentenced to 10 months of incarceration and a fine of \$30,000. He began serving his sentence on September 13, 2007. His release date is July 13, 2008.

MAN FOUND GUILTY FOR SELLING COUNTERFEIT INDIAN JEWELRY

On August 16, 2007, a jury in Gallup, NM, found Amro Al-Assi, former owner of Silver Bear Trading Company, guilty of fraud for selling counterfeit Indian jewelry, a state felony charge.

In August 2004, a Maryland tourist purchased a bracelet from Silver Bear Trading Company. According to the tourist, she was told by Al-Assi that the bracelet had been hand-crafted by well known Indian artist Jesse Monongya. The tourist subsequently met with Monongya, who examined the bracelet and identified it as an unauthorized counterfeit reproduction. Monongya, a former member of the Indian Arts and Crafts Board (IACB), reported the fraud to the IACB and the OIG.

This case is one of the first successful prosecutions of a merchant dealing in counterfeit copies of Indian jewelry. New Mexico State authorities embraced the case as an opportunity to protect the

tourist industry and Indian artists. Al-Assi, a resident foreigner, faces a \$5,000 fine, as well as possible deportation for his felony conviction.

The OIG initially addressed the issue of counterfeit Native American jewelry in June 2005. That report, *Indian Arts and Crafts: A Case of Misrepresentation*, may be found at <http://www.doioig.gov/upload/2005-G-0015.pdf>.

CHARGE CARD PROGRAMS UNDERGO EVALUATION

DOI spends more than \$600 million a year using charge cards, which places it at a potentially high financial risk. The OIG evaluated the number of charge-card holders and their credit limits across all DOI bureaus and offices. It found that DOI has issued an excessive number of charge cards with purchase authority, established undue monthly purchase limits, and maintained a large number of inactive fleet cards.

First, DOI has issued purchase cards to 40 percent of its employees, an excessive number by all benchmarks. Second, the collective monthly purchase-cycle limit associated with these accounts is more than \$110 million. These limits far exceed actual monthly purchases. Based on OIG analysis and on commonly accepted best practices, evaluators determined that the credit limits of purchase-card holders appear to greatly exceed need.

Finally, as of March 2007, more than 1,700 accounts that had been open for more than 1 year showed no purchase activity for at least 1 year. In addition, approximately 29 percent of fleet cards had no activity for at least a year. Also, DOI has no procedures for deactivating fleet cards. The OIG report made several suggestions to improve purchase- and fleet-card administration.

NBC IT SECURITY EVALUATION FINDS NONCOMPLIANCE FOR PROGRAM

As part of the OIG's ongoing effort to evaluate DOI information security, the OIG evaluated the National Business Center (NBC) information security program. OIG information technology (IT) staff evaluated management, operational, and technical controls specified in National Institute of Standards and Technology (NIST) guidance. Additionally, staff evaluated NBC's progress toward implementing Federal Information Processing Standards baseline security controls.

The OIG determined that NBC is not in compliance with DOI directives or with NIST standards and guidance. The information security program at NBC has not evolved toward compliance and is currently faced with significant challenges.

INSIDER THREAT EVALUATIONS CONDUCTED FOR DOI PROGRAMS

The Computer Crime Institute and the FBI conduct an annual survey of computer crimes. In 2005, they concluded that attacks originating from inside network boundaries occur at least as frequently as those originating from outside the perimeter. These “insider attacks,” as they are commonly called, may result in damage and financial loss to an organization.

To determine the level of bureau protection against such threats, the OIG evaluated the effectiveness of BLM, the Minerals Management Service (MMS), and NBC internal network security control architecture. IT specialists wanted to assess the internal networks and identify the risks associated with trusted insiders, as well as the capability of protective measures to mitigate these risks.

The OIG demonstrated that an inside attacker could easily compromise networks in a very short time, using only the equipment available at a workstation maintained by a program. Weaknesses in workstation configurations were exploited to gain administrator access, thus circumventing the typical authentication required to access the system with an approved user account. Testing activities also identified weaknesses in internal information security access controls. These weaknesses allowed unauthorized access to systems and data.

FISMA REPORT COMPLETED FOR DOI

The OIG conducted its 2007 evaluation of the DOI IT security program, as required by the Federal Information Security Management Act of 2002 (FISMA). OMB requests that the annual evaluation assess a representative subset of systems and establish the adequacy and effectiveness of agency IT policies, as well as the implementation status of NIST guidance. The evaluation includes testing of management, operational, and technical controls, as well as a qualitative assessment of the agency’s compliance with FISMA. The results of the FY 2007 FISMA evaluation, as well as OIG recommendations, are included in the report.

In general, DOI made good progress in a number of key FISMA areas and took corrective action to address IT security weaknesses noted in the FY 2006 FISMA report. However, the OIG evaluation determined that the IT program for DOI has not been consistently implemented across all of the bureaus and that the resulting weaknesses hinder full compliance with FISMA. During FY 2007, improvements were noted in system security categorizations, annual self-assessments, and the Plan of Actions and Milestones process. Nevertheless, challenges still remain in DOI's certification and accreditation program and system configuration management.

VULNERABILITY ASSESSMENT FOR RIDB COMPLETED

DOI's Recreation Information Database (RIDB) application, which is a contractor-managed system, received a limited vulnerability assessment from the OIG. RIDB is one component of the Recreation One Stop, E-Government Initiative, which resulted from an interagency partnership composed of the U.S. Forest Service, the Army Corps of Engineers, and the National Park Service (NPS). The OIG performed this vulnerability assessment as part of its FY 2007 technical testing program. The assessment found the application to be generally secure. Security appears to be commensurate with the sensitivity of the data hosted by the system. However, the OIG evaluation identified a number of vulnerabilities needing mitigation. The report made five recommendations that should be addressed by DOI to bolster the IT posture of the Web application.



Significant Audits, Evaluations, and Investigations

BUREAU OF INDIAN AFFAIRS



SETTLEMENT REACHED ON MERIDIAN OIL, INC., CASE

Burlington Resources, Inc., formerly Meridian Oil, Inc., agreed to pay approximately \$105 million on August 15, 2007, after entering into a settlement agreement with DOI and DOJ. The agreement resolves allegations that the corporation knowingly underpaid natural gas royalties produced from federal leases. The Bureau of Indian Affairs (BIA), which acted on behalf of various Indian mineral owners, the Jicarilla-Apache Tribe, the Southern Ute Tribe, and the Ute Mountain Ute Tribe, cooperated with the OIG, as did MMS.

Aspects of the case began as long ago as August 2, 1996, when Harold E. Wright filed a *qui tam* suit against Burlington Resources and others under the False Claims Act. On October 29, 1998, the investigation commenced predicated on the *qui tam* action in the U.S. District Court for the Eastern District of Texas, alleging widespread underpayment of federal royalties for the production of natural gas and natural gas liquids by multiple oil companies, including Meridian Oil, Inc. Then, on March 28, 2000, the DOJ, with the investigative assistance of the OIG, intervened in the *qui tam* action and filed a complaint alleging that Meridian underpaid federal royalties on natural gas.

REPORT HIGHLIGHTS TRIBAL SUCCESSES

An interagency team from the DOI-OIG and the Environmental Protection Agency (EPA) OIG worked with 14 Indian tribes to identify how the tribes successfully met environmental and natural resource challenges, ranging from cleaning up hazardous waste to restoring degraded lands. The primary purpose of this unique effort was to provide models that would inspire others to successfully implement their own natural resource and environmental programs. EPA and DOI officials also could use the models to expand tribal capability and capacity in the arena of environmental program implementation.

The team concluded that the many success stories they found resulted from the tribes' use of innovative practices to overcome such barriers as resource limitations and legal and



regulatory issues, which tend to impede or block protection efforts. Among the primary innovations were the creation of successful collaborations and partnerships, reliance on the power of community to maximize existing resources and garner new ones, and an emphasis on securing the long-term sustainability of natural resources for future generations.

The scope and outcome of these innovative practices are such that they can be applied across a broad spectrum of stakeholders, including all levels of government, tribal entities, and any other organization committed to achieving sustainable conservation and environmental protection. Underscoring the success of the collaborative effort, the interagency team received an award for excellence from the President's Council on Integrity and Efficiency in October 2007.

UNSAFE CONDITIONS FOUND AT INDIAN SCHOOLS

The Bureau of Indian Education (BIE) is responsible for 184 elementary schools, secondary schools, and dormitories serving approximately 50,000 students. The OIG visited 13 schools and dormitories and found significant deterioration that endangered the health and safety of students and employees. Deterioration ranged from minor issues such as leaking roofs to severe deficiencies such as classroom walls buckling and walls separating from foundations. Other severe deficiencies included outdated electrical systems, inadequate fire detection and suppression systems, and improperly maintained furnaces. BIE has identified 69 schools in poor condition. The Assistant Secretary for Indian Affairs concurred with the OIG's findings and agreed that the schools face significant challenges. Although BIA did not feel these issues were imminently life threatening, it did agree to implement the OIG's recommendations.

FORMER SCHOOL OFFICIAL PLEADS GUILTY TO EMBEZZLEMENT

Lonnie King, Jr., a former accounting technician for the Southwestern Indian Polytechnic Institute (SIPI), pleaded guilty in U.S. District Court for the District of New Mexico to one count of theft of government property. King's sentencing date is scheduled for November 21, 2007.

Between 2001 and 2005, King managed SIPI's student fee fund. He collected fees or deposits from students to cover the expense of lost books, keys, and damage to dormitory rooms. In 2005, a reduction in force caused King's position to be terminated. SIPI officials

subsequently discovered that King embezzled approximately \$11,270 from a SIPI account by forging the name of SIPI's registrar. Additionally, 799 SIPI money orders, totaling \$39,010, were recovered from King's residence after his wife found them and turned them over to law enforcement officials.

King has entered into a plea agreement with the U.S. Attorney's Office. He has agreed to pay restitution for the money he embezzled.

CONSULTANT SENTENCED IN PHARMACEUTICAL FRAUD

A multi-agency investigation involving the FBI, the OIG and the Food and Drug Administration led to the sentencing of Wilbur "Bill" Swift, Jr., a former pharmaceutical consultant for the Fort Sill Apache Tribe of Oklahoma. Swift was sentenced to 5 years of supervised release on May 24, 2007. He pleaded guilty in U.S. District Court, Western District of Missouri, to a one count criminal information for interstate transportation of property obtained by fraud. Swift was facing 51 to 60 months in prison, based on the sentencing guidelines.

As first reported in the October 2005 *Semiannual Report*, Swift's partner and accomplice, Fred Solmor, was sentenced on April 22, 2005, in the U.S. District Court, Southern District of Texas, to 51 months in federal prison and 36 months of probation. Solmor pleaded guilty to a similar count.

Swift and Solmor were charged in 2004 in U.S. District Court, Western District of Oklahoma, with interstate transportation of property obtained by fraud. These charges resulted from their illegal pharmaceutical diversion fraud scheme involving the Fort Sill Apache Tribe.

Under a consulting agreement with the tribe to establish a tribal pharmacy, Swift and Solmor illegally purchased pharmaceuticals at discounted, federal-contract prices, with the intent of reselling these items unlawfully for profit in the pharmaceutical wholesale black market. Swift and Solmor abused the Fort Sill Apache Tribe's federally recognized status and its federal contracts in order to obtain these discounted pharmaceuticals, which were restricted for the tribe's internal use and not eligible for resale. Swift and Solmor diverted approximately \$1.8 million in pharmaceuticals from the tribe by secretly selling these pharmaceuticals to shell companies they controlled and then reselling them again at a profit in the pharmaceutical wholesale black market.



Heilemann/DOI

TEXAS JUDGE CHARGED AFTER FILING FALSE CAMPAIGN REPORTS

Texas State District Judge Amado J. Abascal III, 365th District Court, Maverick County, TX, pleaded guilty on July 12, 2007, to a one-count charge of tampering with a government record. The state court in Austin, TX, sentenced Abascal to pay a \$4,000 fine as well as a \$15,000 civil penalty.

In 2002, Abascal submitted false information on his campaign finance reports to the Texas Ethics Commission. He reported that he received 15 separate campaign contributions of \$1,000 each from 15 different contributors, when in fact he received \$15,000 in cash from Isidro Garza, a tribal representative with the Kickapoo Traditional Tribe of Texas. Garza removed \$15,000 in cash from the Kickapoo Lucky Eagle Casino and gave it to Abascal. Garza also provided Abascal with a list of 15 names representing straw contributors. Abascal used these names on his campaign finance reports to the Texas Ethics Commission, falsely certifying that the donors contributed \$1,000 each.

Abascal's actions violated three sections of the Texas Election Code. He is also undergoing an administrative ethics inquiry by the Texas Commission on Judicial Conduct, which suspended Abascal from serving on the bench in October 2005 after his indictment.

The Travis County District Attorney's Office in Austin, TX, prosecuted Abascal's case. This matter was investigated as part of a multi-agency task force, including the OIG.

TEXAS KICKAPOO TRIBAL CHAIRMAN SENTENCED FOR CONSPIRACY

Raul Garza, Sr., former tribal chairman of the Kickapoo Traditional Tribe of Texas (KTTT), was sentenced on May 17, 2007, in U.S. District Court for the Western District of Texas to 3 years of confinement and 3 years of supervised release. He also was ordered to pay \$2,052,424 in restitution, after pleading guilty to conspiring to embezzle funds from KTTT.

Raul Garza, Sr., along with four other former KTTT officials, pleaded guilty on October 24, 2006, to embezzlement and tax evasion conspiracies in connection with a scheme to steal more than \$900,000 in funds from the tribe. The other defendants included former KTTT tribal representative Isidro Garza, Jr., who pleaded guilty

to one count of conspiracy to embezzle funds from the KTTT and one count of conspiracy to evade income tax payments. Isidro Garza's wife, Martha Garza, and son Timoteo Garza (former Texas State Representative) pleaded guilty to one count of conspiracy to evade income tax payments. Former KTTT casino manager Arthur Lee Martin also pleaded guilty to one count of conspiracy to embezzle funds from the KTTT. This matter was investigated as part of a multi-agency task force, including the OIG.

UGLALA TRIBAL OFFICIALS CHARGED WITH EMBEZZLEMENT

On April 19, 2007, three former Oglala Sioux tribal officials, Pine Ridge Indian Reservation, SD, were indicted for allegedly embezzling approximately \$100,000 in payroll funds. The same officials were also charged with aiding and abetting one another in the alleged scheme.

The indictment alleged that former treasurer David Rabbit, former payroll supervisor Kim Colhoff, and former finance committee coordinator Eileen Janis obtained excessive payroll advances from the tribe that were not fully repaid. A substantial amount of these funds had been allocated to the tribe by DOI and other federal agencies as indirect cost funds to cover payroll costs for administrative personnel. Also, as tribal treasurer, Rabbit was responsible for millions of dollars the tribe received annually from these sources.

On June 15, 2007, Rabbit pleaded guilty to one count of embezzlement. On August 27, 2007, he was sentenced to 5 years of probation and restitution in the amount of \$9,898. Colhoff and Janis are scheduled for trial on October 23, 2007.

PETROLEUM ENGINEER SENTENCED FOR POSSESSION OF PORNOGRAPHY

Kenneth Young, a BIA petroleum engineer, was sentenced to 33 months of incarceration and 3 years of probation in the U.S. District Court of Colorado after he was convicted in January 2007 of possessing hundreds of images of child pornography on his government computer. He was also required to register as a sex offender.

In October 2001, a BIA computer specialist at the Southern Ute Agency in Ignacio, CO, discovered pornographic materials on the government computer assigned to Young. As a result of an investigation conducted by the OIG and the FBI, Young was indicted and charged



in 2004 with two felony counts of possession of material involving the sexual exploitation of minors. Young has been on administrative leave since his arrest in 2004. BIA has initiated administrative action to remove him.

CONSTRUCTION COMPANY OWNER PLEADS GUILTY TO THEFT

On November 28, 2006, Robert Gipson pleaded guilty before the U.S. District Court in Billings, MT, to one count of theft from an Indian Tribal Organization. Gipson, the co-owner of Cedar River Construction, named himself as the nominee of two fictitious contracts with the Crow Tribe of Indians, totaling \$108,800. He also accepted payment of tribal funds on these contracts, knowing that no goods, work, or service had been given or performed.

Gipson subsequently made kickbacks from the embezzled contract funds to Clifford Birdinground, Crow Tribal Chairman, and Kelly Passes, Crow Tribal Finance Director.

On May 3, 2007, Gipson appeared in the U.S. District Court for the District of Montana where he was sentenced to 5 months of home confinement and probation for a term of 4 years. He was ordered to pay restitution of \$12,600 to the Crow Tribe of Indians. Gipson did not receive a fine because of his inability to pay.

OPERATIONS CLERK INDICTED FOR THEFT OF CASINO FUNDS

Kala R. Dennis, a former casino operations clerk, was indicted on May 9, 2007, in the Middle District of Alabama on charges of conspiracy and theft by an Indian casino employee.

In November 2004, the Indian Gaming Commission contacted the OIG regarding the theft of \$120,000 from a Poarch Band of Creek Indians casino (Tallapoosa Entertainment Center, located in Montgomery, AL). After her indictment, Dennis surrendered and pleaded not guilty at her arraignment.

The 42-count indictment alleges that co-defendant Frederick Burrell, who accepted a plea agreement and subsequently pleaded guilty to the same charges on May 4, 2007, developed a scheme through which he could take money from the casino, then make false entries in casino records to conceal the thefts. After succeeding several times, he recruited Dennis to participate.

With Dennis as his partner, Burrell stole approximately \$128,000. On her own, Dennis stole an additional \$131,000. She told co-workers her new wealth came from gambling winnings, as she passed out \$100 bills and purchased vehicles.

DEFENDANT PLEADS GUILTY TO FALSE STATEMENTS

David T. Collier and Robert H. Price, III, each pleaded guilty on August 3, 2007, in the District of Columbia to one count of making false statements.

During an investigation of alleged fraud involving trust funds for the Catawba Indian Nation in Rock Hill, SC, the OIG determined that Collier and the Catawba Indian Nation had formed a joint venture called New River Management and Development Company, LLC. The purpose of forming New River was to manage the Catawba's South Carolina bingo hall. The Catawbas owned 51 percent of New River and Collier owned the other 49 percent. Price acted as the Chief Operation Officer for New River and managed the operations of the bingo hall.

Continued investigation by the OIG and the FBI revealed that Collier and Price engaged in illegal conduit political campaign contributions. Both directed their families and business associates to donate money to state and federal political candidates and then reimbursed those individuals using Catawba funds managed by the two defendants. Sentencing is scheduled for November 19, 2007.

OFFICE MANAGER PLEADS GUILTY TO EMBEZZLEMENT

Candace Gray, a former office manager for the Mesa Grande Band of Mission Indians, pleaded guilty to misappropriating approximately \$40,000 in tribal funds to support her gambling habit. The Mesa Grande Band of Mission Indians is a federally recognized tribe located in Southern California. The tribe received approximately \$358,514 in grant monies from the BIA while Gray was the office manager. On July 20, 2007, Gray pled guilty in U.S. District Court in the Southern District of California to embezzlement charges.

BUREAU OF LAND MANAGEMENT





ENVIRONMENTAL HEALTH AND SAFETY ISSUES UNCOVERED

Immediate action is required to protect the health and safety of the public and employees in California's Rand Mining District. In February 2006, BLM identified evidence of serious environmental contamination from abandoned mines in the area. Known contaminants include arsenic at unsafe levels. While BLM has initiated a Time-Critical Removal Action under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), it has not taken timely action to mitigate the current health risks to the public and employees.

Approximately 400 district residents are exposed to arsenic-laden dust. In fact, some residential properties are located adjacent to piles of contaminated mine tailings. However, BLM has not taken sufficient steps to identify the extent of contamination on residential properties, install air monitoring equipment to measure arsenic exposure levels, or fence hazardous mine sites and tailings. Additionally, BLM has not developed and implemented a community relations plan, in spite of residents' complaints that they are not being informed of activities.

The Rand Mining District is a popular destination for Off Highway Vehicle (OHV) users. As recently as April 2007, OHV users rode along a BLM authorized trail that crossed a 60-acre pile of highly contaminated mine tailings. At the time of our visit, BLM had taken no action to close the portion of the trail that crossed the pile or to install fences to restrict access to the contaminated areas. Subsequent to our visit, we were informed that BLM rerouted the trail and installed fencing to prevent OHV users from using the closed portion. Nevertheless, BLM has not installed fencing around the entire tailings pile or installed signs warning of the specific dangers.

BLM employees who visit the district also risk exposure to high arsenic levels. BLM prepared a Site Safety and Health Plan to protect employees and contractors. The plan included medical monitoring of project personnel and air monitoring during work activities. However, this plan has not been fully implemented.

The OIG made six recommendations to protect the public and employees from hazards in the Rand Mining District. The OIG visited the district as part of an audit to determine if DOI and its bureaus have adequate Abandoned Mine Land programs to protect public health and safety. While this audit is not yet complete, the OIG issued a separate report on the district to alert DOI and bureau management of serious issues at this site so that timely action could be taken.



GRAVEL COMPANY VICE PRESIDENT AND BLM GEOLOGIST SENTENCED

Curtis Slade, former vice president of Newco Aggregate in Farmington, NM, was sentenced on May 15, 2007, in U.S. District Court for the District of New Mexico to 4 months of imprisonment and 12 months of supervised release. He also was ordered to pay a \$1,000 fine. Slade pleaded guilty in 2006 to providing gratuities to a public official. Newco held BLM sand and gravel permits. Slade gave Ralph Mason, a former geologist with BLM's Farmington Field Office, gratuities to overlook permit requirements and accelerate the permit process.

Mason was removed from federal service in December 2003 and convicted in 2006 for accepting bribes from Slade and from Norman Geoff McMahon, the former president of Newco. Also, Mason was sentenced to 3 years of probation and ordered to pay a \$300 assessment in April 2007.

TIGHTER CONTROLS WOULD IMPROVE ACCOUNTABILITY

An OIG follow-up audit revealed that BLM has not implemented tighter controls over funds generated by public land sold under the Southern Nevada Public Land Management Act (SNPLMA), as agreed to by the BLM State Director, NV, in the OIG September 2003 report. BLM had agreed that it had made inappropriate charges to the SNPLMA account and stated that it would implement "stringent fund controls."

However, the follow-up audit found that BLM had not only failed to tighten controls over SNPLMA funds, but, in fact, had reduced controls by reorganizing the SNPLMA project office. This reorganization, coupled with the absence of independent review and oversight, resulted in incorrectly charging SNPLMA funds for BLM activities. Tighter controls are essential, given the significant revenues projected for the sale of federal land surrounding Las Vegas, NV.

BLM also began directly transferring funds for SNPLMA projects (upfront funding) to its federal partners (NPS, the U.S. Fish and Wildlife Service, and the U.S. Forest Service), without establishing the controls necessary to ensure accountability for these funds, as well as demonstrating results. In its response, BLM generally concurred with the OIG's four report recommendations, stating that it "strongly agreed that the programs authorized by SNMPLA must

have effective internal controls to ensure appropriate execution.” BLM also said it had hired an independent consulting firm to complete a review of charges to the SNPLMA operating account for FYs 2004, 2005, and 2006 by April 2007.

BLM COMPUTER SECURITY MAKING PROGRESS

The OIG conducted an evaluation of BLM information security controls to ensure the confidentiality, integrity, and availability of the bureau’s IT resources. The OIG conducted these activities in accordance with NIST to determine if BLM deployed effective management, operational, and technical information security controls.

The OIG evaluated a representative sampling of information security controls and determined that the bureau generally complies with DOI directives and NIST standards and guidance. During the evaluation, the OIG interviewed BLM personnel, examined source documents, and tested actual implementations of security controls to assess the bureau’s level of compliance. The BLM information security program is making progress with all facets of NIST requirements.

EXTERNAL PENETRATION TEST COMPLETED

The OIG conducted external penetration testing of networks belonging to BLM. This was done to ascertain potential security weaknesses of network devices and hosts. Penetration testing was part of an ongoing DOI effort to evaluate the security posture of the bureau’s network perimeter. This test was performed with the knowledge and cooperation of the DOI Enterprise and Services Network (ESN) staff and BLM staff managing the bureau network defense systems. As a result, comprehensive testing was conducted, and efforts were not hindered by the normal security defenses of ESN and BLM.

Overall, the testing demonstrated that many excellent security practices are in place and that the security controls in use would make identifying and exploiting bureau vulnerability difficult. The OIG was not able to penetrate the test environment or gain unauthorized access to BLM networks or systems from the Internet.

BUREAU OF RECLAMATION





EXTERNAL COMPUTER PENETRATION TEST RESULTS SHOW IMPROVEMENT

The OIG conducted external penetration testing of Bureau of Reclamation (BOR) networks to evaluate potential security weaknesses of network devices and hosts. BOR uses ESN for its perimeter security. ESN has aggressive network defense techniques to block addresses at the DOI perimeter when they appear to be attacking DOI hosts and networks. During penetration testing, the OIG was able to assess the effectiveness of the ESN defensive systems. Testing activities were detected, indicating that, overall, BOR's Internet facing security posture has significantly improved since the bureau transitioned to the ESN infrastructure. The IT environment now exhibits many excellent security practices and controls.

MINERALS MANAGEMENT SERVICE





REPORTS REVEAL WIDESPREAD PROBLEMS IN OIL PROGRAM

At the request of Secretary Dirk Kempthorne and several Members of Congress, the OIG opened an investigation into the legitimacy of claims made in a series of *qui tam* lawsuits filed by Minerals Management Service (MMS) auditors against oil companies for alleged underpayments of royalties and interest owed. The OIG also examined whether or not the auditors had followed proper procedures for reporting their allegations, whether they had improperly used proprietary information in pursuing their claims, and, finally, whether or not they had been retaliated against by MMS for filing these lawsuits.

The OIG report focused on Minerals Revenue Management (MRM), a program within MMS fraught with difficulties stemming from myriad causes. The OIG expressed concern regarding the bureau's complex relationship with the energy industry; a profound failure in the development of a critical MRM IT system module that calculates interest on royalty payments; and a working environment where poor communication compounded distrust by MMS employees.

The OIG determined that the claims made in the auditors' *qui tam* lawsuits were either based on a lack of knowledge of other MMS efforts to collect royalties and interest or the auditors disagreed with both MMS management decisions and MMS guidance that the companies were following. The OIG also found that the auditors did not properly report their suspicions of wrongdoing to the appropriate authorities, including the OIG, and that the auditors removed and used proprietary, sensitive, or confidential business information without authorization.

While the OIG found no evidence that MMS deliberately retaliated against the *qui tam* relators, OIG did find a myriad of human resource faux pas, which, taken collectively, created an environment where reprisal could be perceived.

The OIG presented its findings regarding the auditors' potential misuse of government records for their lawsuits to the DOJ, which declined criminal prosecution. The OIG has referred this case to the Assistant Secretary for Lands and Minerals Management for any follow-up action that he deems appropriate.



ALLEGED SEX OFFENDER INDICTED

On March 19, 2007, Immigration and Customs Enforcement (ICE) contacted the OIG regarding possible child exploitation conduct by an individual with access to an MMS computer. They advised that someone using an MMS Internet IP address electronically communicated via e-mail, video, and chat with a Clayton County, GA, investigator posing as a 13-year-old female. Subpoena results identified Barry S. Drucker, a GS-14 employee with MMS in Herndon, VA.

OIG agents arrested Barry S. Drucker on May 21, 2007, at Atlanta Hartsfield-Jackson International Airport as he exited a flight from Washington, D.C., allegedly to meet the 13-year-old. Two days later, on May 23, Drucker was indicted in the Northern District of Georgia for using the Internet to entice a minor to engage in prohibited sexual activity, and for using the Internet to transmit obscene material to a minor.

Drucker allegedly arranged to fly to Atlanta to meet a minor for purposes of sex, using his government-issued credit card to pay for the flight and to make hotel and rental car reservations. He advised his MMS superiors of his intention to attend an oceanography conference and created a flyer for the conference agenda. Once Drucker had been arrested, a team of OIG agents executed search warrants for his Virginia residence and office cubicle.

Drucker remains in the custody of the U.S. Marshals Service while he awaits trial.





NATIONAL PARK SERVICE





EXTRADITION OF DEFENDANT RESULTS IN CRIMINAL PLEA OF GUILTY

On August 13, 2007, Gregory Thomlison, a former chairman and chief executive officer of Destinet Corporation (Destinet), a former NPS contractor, pled guilty in the U.S. District Court for the Southern District of California to theft of government property amounting to \$692,000 in federal money and \$940,543 of state and local government dollars.

The OIG investigation revealed that in 1994, Thomlison, as president and owner of Destinet, purchased a company called Mistix from the Home Shopping Network. Mistix managed reservations and ticketing for campgrounds, sports venues, and other entertainment enterprises. NPS and the California State Parks and Recreation Department were among Mistix's largest clients.

As Destinet assumed the ownership of Mistix's contracts, Destinet found itself required to collect reservations and tour fees from NPS patrons and then deposit the agency's share of the proceeds into the U.S. Treasury. In early 1997, however, Destinet stopped paying on its state and federal contracts but continued to collect monies on their behalf. In 1997, Destinet declared bankruptcy and Thomlison fled to Ontario, Canada.

On May 23, 2002, the Federal Grand Jury for the Southern District of California indicted Thomlison on 22 counts of theft of public funds, 22 counts of wire fraud, 22 counts of foreign transfer of money taken from fraud, and 22 counts of illegal transfer of bankruptcy assets. As a result, the U.S. District Court issued a warrant for Thomlison's arrest. From October 1997 through July 2007, DOJ pursued Thomlison's extradition from Canada.

Finally, on July 12, 2007, after exhausting his appeals in the Canadian judicial system, Thomlison voluntarily returned to the United States and surrendered to federal authorities. On August 13, 2007, he appeared in the U.S. District Court, Southern District of California, where he pleaded guilty to one count of theft of public funds. Thomlison is scheduled to be sentenced in November 2007.

PERMITS ALLOW OPPORTUNITY FOR PRIVATE CLUB MONOPOLY

At the exclusion of the general public, NPS has allowed private parties or exclusive clubs to monopolize desirable locations near major metropolitan areas for decades. Holders of special-use permits, these private parties and clubs have enjoyed exclusive rights to public lands through restrictive and costly memberships that deny the general public the same benefits. For



example, at Gateway National Recreation Area in New York, two private beach clubs, the Silver Gull Beach and Breezy Point Surf Clubs, charge membership fees, ranging from \$315 for a child to \$770 for an adult couple, for a 3-month summer season. In addition to these fees, members are typically required to pay a cabana rental fee, which ranges from a low of \$400 to a high of \$9,999 for the season.

The OIG identified five instances where NPS has permitted groups to operate beach and surf clubs, boat moorings, canoeing facilities, and cabins that exclude the general public. Some of these operations located near major metropolitan areas offer preferential access to beaches, waterways, and scenic nature areas.

Although NPS can issue special-use permits for a variety of activities on public lands, these permits are not to exceed 5 years duration. In instances the OIG identified, NPS continued to renew the permits, some for 30 years or more. In addition, it kept \$2.6 million in permit fees, which should have been remitted to the Treasury.

The audit also found that both NPS and BLM renewed permits without ensuring their compliance with the National Environmental Policy Act (NEPA).

The OIG made four recommendations, requesting NPS to identify the extent of exclusive use, ensure full public access, and remit permit fees to the Treasury. It also provided a joint recommendation to NPS and BLM, requesting their compliance with NEPA. Both NPS and BLM agreed with the recommendations.

HAWAIIAN ARTIFACTS TRAFFICKER SENTENCED TO CONFINEMENT

Daniel Taylor was sentenced to 11 months of confinement and 12 months of supervised release for his role in the theft and trafficking of Hawaiian artifacts. Taylor and his accomplice, John Carta, had removed artifacts (e.g., wooden bowls, gourds, a spear, and cordage) from a burial site on the Big Island of Hawaii and subsequently attempted to sell them through Taylor's antique shop, as well as through Internet outlets. These items have been repatriated in keeping with the Native American Graves Protection and Repatriation Act. The OIG first reported on this in the April 2006 *Semiannual Report to the Congress*.

CONTRACTOR PLEADS GUILTY TO ATTEMPTED BRIBERY

David Vega, owner and operator of Automated Office and Industrial Systems, was awarded a non-competitive bid to install auditorium seating at the Chamizal National Memorial on May 31, 2001. At the time of the award, the contract amount for the work had not been determined by Vega.

After several meetings with an NPS employee, who was also a cooperating witness in the investigation, Vega bribed the employee to give Vega information pertaining to how much NPS budgeted for the project. Vega promised they could split the difference between his contract bid and the maximum budget approved by NPS. Vega and the employee negotiated an amount of \$5,000 for exchange of proprietary government information.

Vega was indicted on July 12, 2006, and charged with government contract kickbacks, bribery of a public official, and illegal gratuity to a public official.

On April 3, 2007, Vega entered into a plea agreement in the Federal District Court in the Western District of Texas and pled guilty to government contract kickbacks. He was sentenced to 1 year of probation, ordered to complete 100 hours of community service, and required to pay a fine of \$2,500. The OIG is pursuing debarment of Vega's company.

INDICTMENT HANDED DOWN IN FALSE SURETY BOND SCHEME

On June 19, 2007, a federal grand jury in Phoenix, AZ, returned a 29-count indictment against Ernest Robert McFarland, 66, of Fort Meyers, FL, and Wayne George Heidle, 53, of La Habra, CA. They were charged with conspiracy, false claims, mail fraud, and false statements.

The investigation began on April 14, 2004, based on information received from NPS, and was conducted jointly with the FBI. From 2002 through 2004, McFarland, as Pacific General Inc.'s (PGI) owner and president, and Heidle, as PGI's vice president, is alleged to have conspired and fraudulently obtained federal construction contracts worth approximately \$6.9 million in Grand Canyon National Park and Lake Mead National Recreation Area.



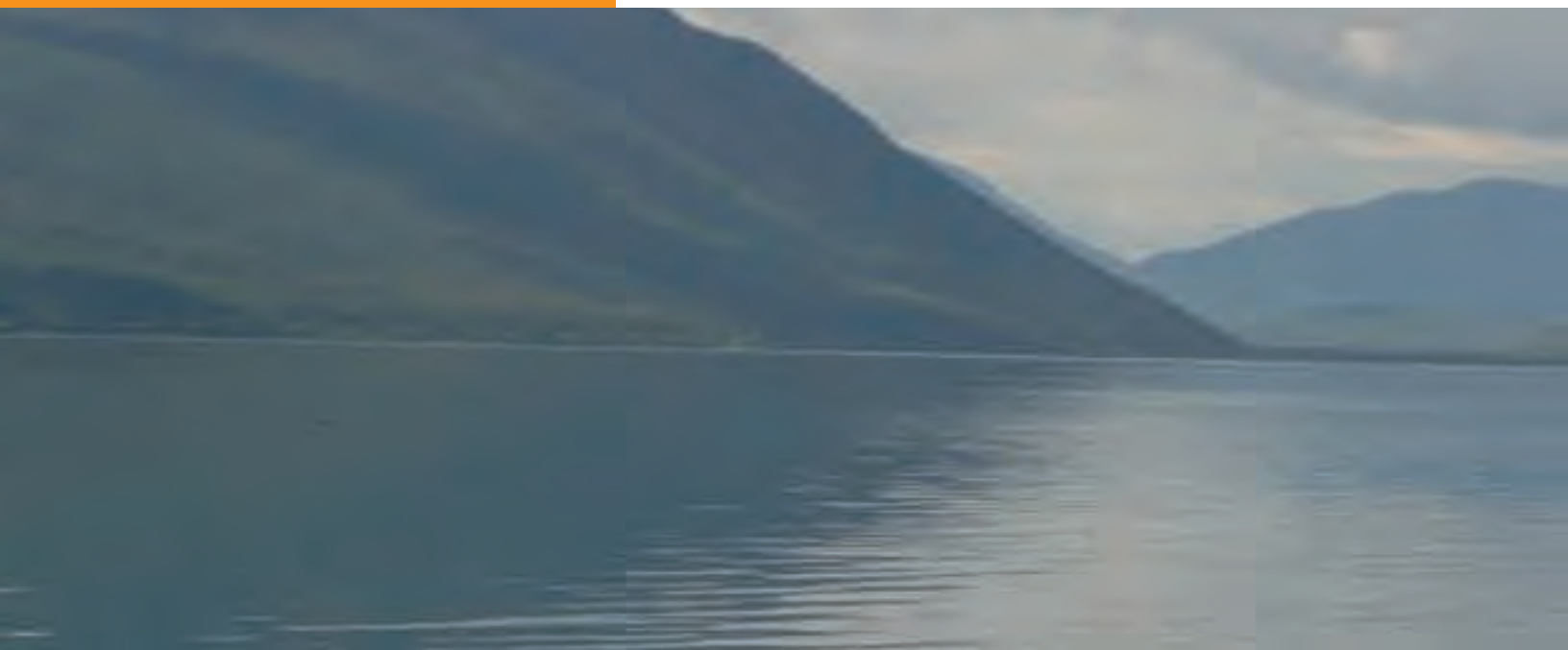
They accomplished this by submitting allegedly false charges to the government for surety bonds totaling approximately \$86,644 and allegedly falsely certifying that PGI was paying its subcontractors for project work. PGI had difficulty obtaining surety bonds at the time, and the false bond charges helped conceal the fact that PGI did not bond the construction projects at the Grand Canyon and Lake Mead.

PGI defaulted on many of the construction projects, which were left incomplete and in a dilapidated condition. Completion of the defaulted projects is expected to cost NPS millions of dollars above and beyond the original projected costs.

A trial in the U.S. District Court before Judge Neil V. Wake is pending.

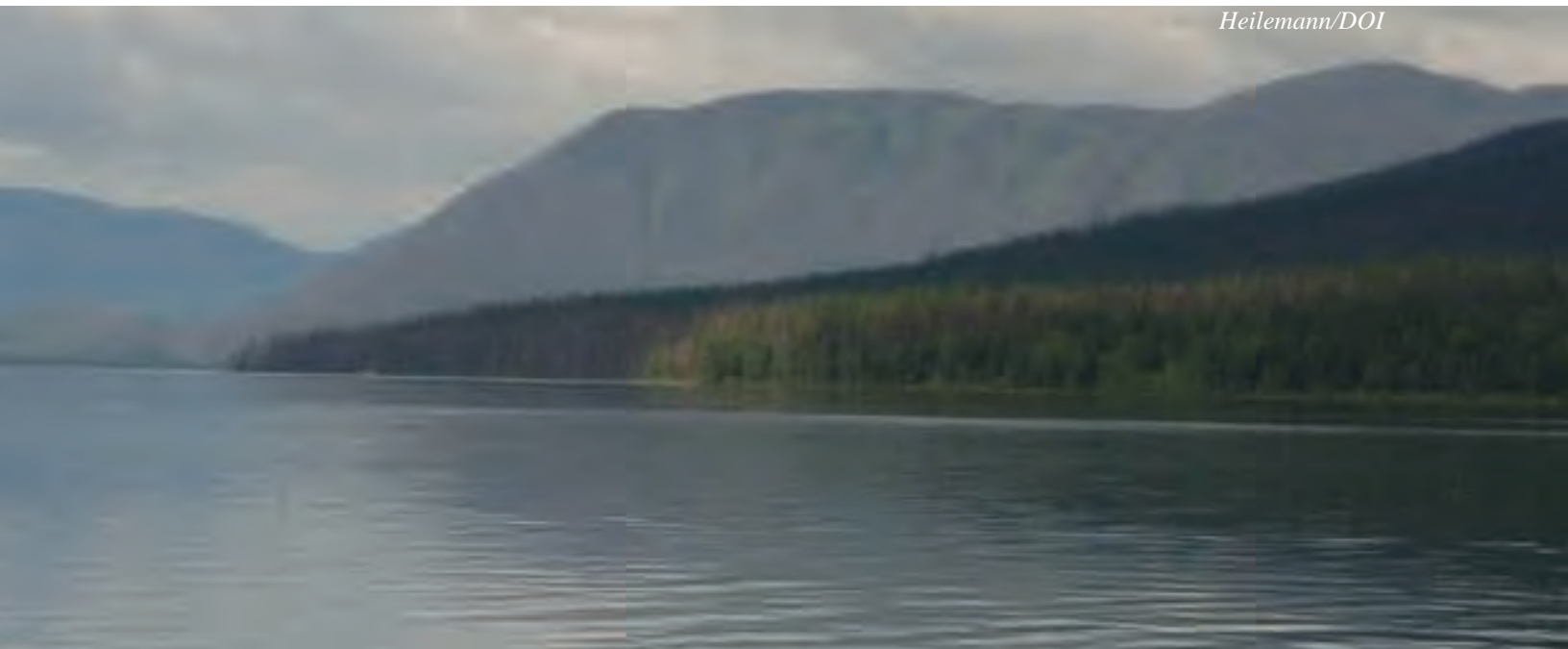
CRITICAL POINT EVALUATION COMPLETED FOR NATIONAL PARK CENTENNIAL INITIATIVE

The National Park Centennial Initiative is a proposed effort that calls for \$1 billion over 10 years to strengthen basic park operations, and create a public-private funding vehicle of up to \$2 billion for new projects and programs with the goal of a \$100 million public-private match each year for 10 years. At the Secretary's request, the OIG conducted a Critical Point Evaluation



of the NPS Centennial Initiative. This provided the Secretary and the NPS with real time information regarding the effectiveness of program implementation and planning efforts. The OIG made two key recommendations. It advised creation of an autonomous advisory board to independently review and approve requests for distribution of federal funds to “match” private sector monies. It also proposed the development of a detailed business plan to ensure NPS has the necessary processes in place to implement this important effort successfully. The NPS is working to implement these suggestions in order to ensure accountability and transparency for the Centennial Initiative. Future critical point evaluations will review progress and offer additional suggestions for this ambitious program.

Heilemann/DOI



OFFICE OF INSULAR AFFAIRS

Heilemann/DOI



AMERICAN SAMOA LT. GOVERNOR AND TERRITORIAL SENATOR INDICTED BY FEDERAL GRAND JURY

On September 6, 2007, Lieutenant Governor Aitofele T.F. Sunia and Territorial Senator Tini Lam Yuen, of the U.S. Territory of American Samoa, were indicted by a federal grand jury in the District of Columbia. The indictment charges Sunia, who was the treasurer of American Samoa at the time of the alleged crimes, and Lam Yuen with one count of conspiracy, one count of fraud, one count of bribery concerning programs receiving federal funds, and one count each of obstruction of an agency proceeding. Lam Yuen was charged with an additional count of bribery pertaining to programs receiving federal funds.

The defendants allegedly avoided the competitive bidding process by splitting a large school furniture construction project among companies owned and operated by the defendants, as well as a third company owned by the chief procurement officer at that time.

The defendants also allegedly conspired to structure invoices and procurement paperwork to create the false appearance that the projects comprised dozens of small contracts less than the \$10,000 threshold for competitive public bidding. Together, during a 3-year period, the alleged co-conspirators managed projects worth collectively more than \$775,000.

The investigation involved the OIG, the FBI, and the U.S. Department of Education OIG. The case is being prosecuted by DOJ.

OVERSIGHT FAILURE JEOPARDIZED SAIPAN PUBLIC HEALTH FACILITY

As one of the largest and most significant capital improvement projects underway in the Commonwealth of the Northern Mariana Islands (CNMI), the construction of the Saipan Public Health Facility initially offered hope to many CNMI citizens. However, oversight failures by the Office of Insular Affairs (OIA), particularly in the arena of design and construction, now threaten to undermine successful completion and operation of the facility. The facility is critical to improving health care on the islands, especially because of the need for hemodialysis equipment by CNMI citizens suffering from kidney dysfunction. Also, the \$17.6 million facility is essential to improving CNMI's economic future.



Balestra/OIG

Because of its cost and significance to CNMI citizens, the health facility project merited close scrutiny to help to ensure its success. However, OIA failed to heed obvious red flags indicating serious project management problems.

From the outset, it was apparent that CNMI's Department of Public Works lacked the experience and expertise to contract for and manage a project of this size. Warning signs, such as costly contract modifications, ballooning construction costs, and unnecessary delays, should have prompted OIA to step up its oversight. OIA also failed to follow up on two reports issued by the U.S. Army Corps of Engineers in 2003 and 2005, which identified the seriousness of contract management deficiencies stemming from CNMI's lack of contracting expertise.

Throughout the troubled 10-year history of this project, OIA did not use the tools at its disposal to keep the project on target. For example, OIA did not use its competitive allocation system, developed specifically to link performance with insular area funding, or impose sanctions allowed under the Code of Federal Regulations. Instead OIA allocated funds as usual and lauded CNMI's "ability to effectively manage infrastructure grants" in its 2006 budget justifications to Congress.

The OIG made four recommendations to help OIA improve CNMI's contracting performance and results. OIA has already implemented one recommendation and has referred the remaining three to the Assistant Secretary for Policy, Management, and Budget so that implementation can be tracked.

The OIG also issued a report to the Governor of CNMI, describing opportunities to significantly improve CNMI's contracting performance and results.

IMPROVEMENTS NEEDED FOR PROCUREMENT AND LEASING

As the landlord and procurer of private space for government agencies, the Department of Property and Procurement (DP&P) did not act in the best interest of the Government of the Virgin Islands. The financial impact of DP&P's failure to maximize leases of government-owned property and minimize the need for the government to lease privately owned property is substantial. Nearly \$1 million in rental revenues were lost, and more than

\$2 million in rental revenues were uncollected, while nearly \$6 million in revenues could have been saved or spent more wisely.

The OIG noted, for example, that DP&P did not pursue opportunities to purchase privately owned space currently being rented to house government agencies. In one such instance at the time of the OIG review, the government had already paid more than \$3 million in lease payments that could have been applied toward the \$4.2 million asking price for the property.

These lost opportunities, as well as instances of mismanagement (e.g., failure to encourage payment agreements for seriously delinquent tenants and failure to file proof of government claims against bankruptcy cases), collectively point to the need for DP&P to aggressively use and tighten existing lease administration procedures.

The OIG also noted that the Department of Public Works, despite repeated overtures from DP&P, has not met the mandate of the legislature to develop cost estimates for repairing and reclaiming abandoned government property, an essential step in reducing the amount of annual rent paid for office space.

The Acting Governor of the Virgin Islands concurred with the OIG's six recommendations to improve the ability of DP&P to manage real property in a way that financially benefits the government.

PROGRESS MADE IN COMPACT SECTOR OVERSIGHT AND TRAINING

DOI, through its Office of Insular Affairs (OIA), needs to aggressively address the identified control, compliance, and financial accountability problems in U.S. government funded Compact and other federal grant programs provided to and managed by the Insular Areas governments. This includes the identified Compact cash management and accountability problems for the State of Chuuk, Federated States of Micronesia, and Compact questioned costs and compliance, as well as internal control findings, as reported for the Federated States of Micronesia and the Republic of the Marshall Islands. The OIG has regularly reported on such issues and suggested corrective actions necessary to improve oversight of U.S. government funded Compact and other federal grant programs.

The OIG continues with its outreach capacity-building activities. This training improves auditor skills needed to evaluate U.S. grant funds use and program accomplishments, as well as the related accounting systems, controls, and reporting processes. The OIG provided



Balestra/OIG

stateside on-the-job training in Denver, CO, and Albuquerque, NM, for four auditors from the Public Auditor Offices of the Government of Guam, Federated States of Micronesia, and CNMI. In addition, onsite training in government revenue inspections and audit supervisory techniques was provided to Public Auditor staff to improve local audit coverage and report productivity.

CONTRACTOR INDICTED

Ashley Andrews, a principal of Global Resources Management (GRM), was indicted on April 4, 2007, on six counts of subornation of perjury for persuading Kenneth Andrews to testify falsely during his trial. Alicia Hansen, former Virgin Islands senator, was indicted on May 3, 2007, on four counts of perjury and one count of false declarations before a grand jury or court. She provided a false declaration on an official government form in an attempt to obtain a court appointed attorney. Her perjury charges resulted from her providing false testimony during her trial.

GRM was awarded a large contract for federally mandated sewer repairs to a St. Croix public sewer system, which was in a state of extreme disrepair and which caused serious environmental hazards. The contract was awarded without bid through the Virgin Islands Department of Public Works.

The Virgin Islands U.S. Attorney's Office filed a restraining order and the governor subsequently cancelled the project. The DOI-OIG and the FBI commenced a joint investigation, which revealed that GRM was a start-up, for-profit corporation possessing no assets or sewer repair experience, and whose president was a special assistant to the Virgin Islands governor.

LOTTERY FAILURE LEADS TO LOST REVENUES

The Virgin Islands Lottery had virtually no control over Video Lottery Terminal (VLT) operations, a condition that has deprived the Virgin Islands government of lottery-related revenues and taxes to which it was entitled. The OIG conservatively estimated unrealized revenues for the 3-year audit period at nearly \$9 million in lost personal income and gross receipts taxes, underpaid gaming proceeds, and unpaid license fees and interest. The OIG could not

determine the extent of unrealized revenues because essential financial data was not maintained by the Virgin Islands Lottery.

Increasing government revenues was a primary motivation for allowing video gaming. VLTs were expected to garner annual revenues of about \$15 million and allow the government to implement or supplement programs to improve the economy and quality of life for residents. Instead, Southland Gaming controls every aspect of Virgin Island gaming.

Of primary concern is the lottery's failure to oversee VLT operations and retailer accounts and to implement standard gaming protocols at critical points of VLT operations, from equipment installation and testing to revenue collection.

For example, without lottery participation or oversight, SGVI downloads data from VLTs on the amount of cash gambled and won by customers. It then distributes net VLT revenues among the lottery, Southland Gaming, and retailers. Without a verification protocol, the lottery must accept at face value the revenue data presented by Southland Gaming.

The lack of protocols compromises the integrity of VLT operations, jeopardizes public confidence and trust in video gaming, and increases the risk of fraud and abuse of gaming revenues.

The OIG made 11 recommendations to improve lottery effectiveness and thereby ensure the government receives the revenues and taxes to which it is entitled. The governor concurred with the report recommendations. He has already implemented corrective actions for nine of the recommendations and is in the process of implementing corrective actions for the other two recommendations.

U.S. FISH AND WILDLIFE SERVICE

Johnson/FWS





STATE GRANT AUDITS IDENTIFY QUESTIONABLE COSTS

Audits of FWS grants awarded to eight states and the CNMI revealed a potential savings of \$3,011,197. The grants are awarded under the Federal Assistance Program for State Wildlife and Sport Fish Restoration (Federal Assistance Program). Grants finance as much as 75 percent of state-sponsored projects. These may include developing sites for boating access or acquiring and managing natural habitats.

A summary of the significant issues disclosed in the audits follows. FWS is working with the audited entities to resolve these matters.

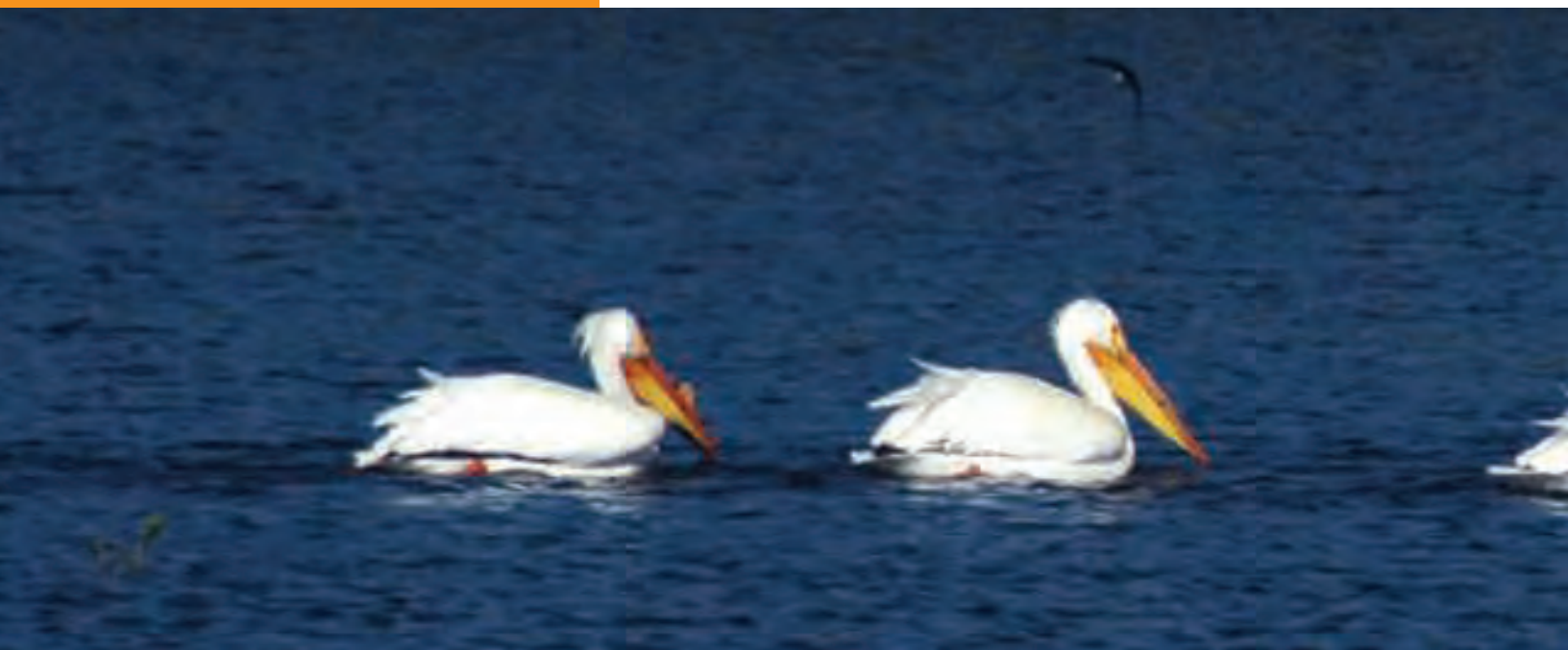
- ◆ **Questioned Costs.** Five of the audits questioned a total of \$3,011,197 in costs claimed for unsupported expenses, unallowable activities, unallowable costs, and expenses incurred outside the grant period.
- ◆ **Licensing.** Three of the audits identified licensing as a significant issue. Two significant deficiencies noted during the audits included the following: (1) the inability to demonstrate that the state used hunting and fishing license revenues only for the administration of the state fish and wildlife agency, as required under federal regulation and (2) inaccurate license counts due to state failure to account for duplicate license holders and licensees no longer holding valid licenses.
- ◆ **Program Income.** Six of the audits identified program income as a significant issue. Two of these six audits found that the audited entity did not report some or all of program income from barter transactions on lands managed and maintained with Federal Assistance Program funds.
- ◆ **Personal and Real Property.** Two of the audits identified the lack of control over personal property as a significant issue, and one of the audits identified the lack of control over real property as a significant issue.
- ◆ **Indirect Cost Rate.** Four of the audits identified deficiencies such as using the incorrect indirect cost rate in the accounting for indirect costs incurred under the grants.



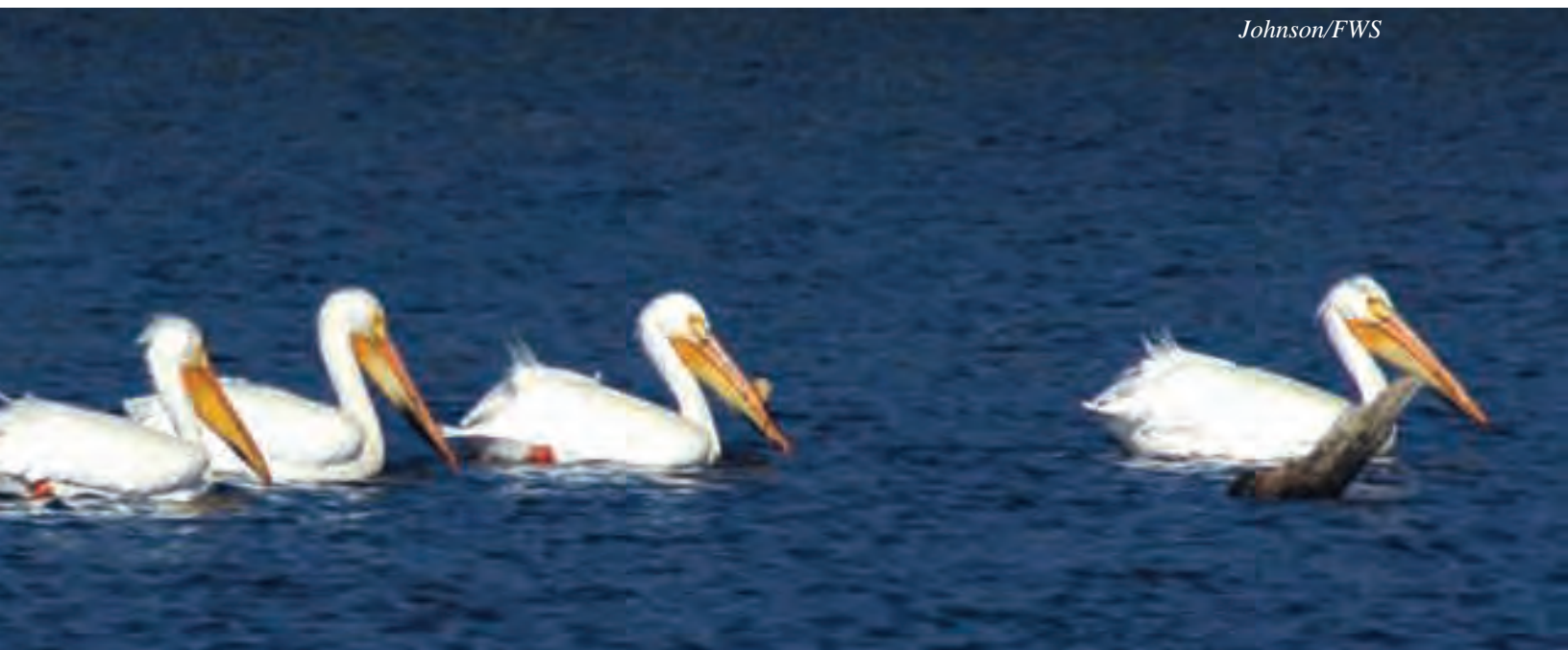
Moyle/OIG

SAFETY ISSUES AUDITED AT JACKSON NATIONAL FISH HATCHERY

The Jackson National Fish Hatchery was established to raise endangered species of trout for restocking in Idaho and Wyoming. Hatchery buildings for fish production activities and equipment storage were condemned and closed to the public in September 2000 after a seismic evaluation revealed significant structural deficiencies. Additionally, roof collapse warnings have been issued since the buildings were not designed to withstand the heavy Wyoming snows. Despite these safety issues, FWS and U.S. Geological Survey (USGS) employees continued to work in the unsafe buildings. We recommended that FWS take immediate action to protect the employees and that new buildings be constructed. FWS concurred and subsequently moved the employees out of the buildings. A new hatchery should be completed in 2009.



Johnson/FWS



U.S. GEOLOGICAL SURVEY





USGS EMPLOYEE INDICTED FOR WIRE FRAUD AFTER FAKING ILLNESS

Robert Thom, a USGS IT specialist in San Diego, CA, was arrested on August 23, 2007, and indicted on September 6, 2007, by a Federal Grand Jury in the U.S. District Court for the Eastern District of California on 10 counts of wire fraud. Thom allegedly submitted false and forged documents to the USGS, claiming that he suffered from a malignant brain tumor. He did this in order to apply for and receive 995 hours of annual leave from the Federal Voluntary Leave Transfer Program.

Misled by Thom's false medical documents, the USGS placed Thom on its national donation list from December 14, 2006, through August 23, 2007, so that Thom could receive donations of annual leave from all USGS employees. Thirty USGS employees, including 10 outside of California, donated their annual leave, worth \$40,550, so that Thom could continue to receive his federal salary and benefits.

EMBEZZLER PLEADS GUILTY

On June 19, 2007, Sylvia McClain pleaded guilty in the Northern District of Georgia to one count of knowingly and willfully embezzling, stealing, purloining, or converting to her own use U.S. money valued at more than \$1,000. On September 7, 2007, she was sentenced to 6 months of home confinement and 5 years of probation. She was ordered to pay \$30,930 in restitution.

An administrative officer at the Atlanta USGS office, McClain became the subject of an investigation following a regularly scheduled OIG audit. The audit uncovered her receipt of excessive payments for overtime, travel, and tuition reimbursement, which she justified by forging and otherwise falsifying documents. McClain's submission of false overtime, travel reimbursement, and tuition reimbursement claims cost USGS more than \$34,500.

Eligible for retirement at the time of the investigation, McClain exercised that option as soon as she became aware she was being investigated.

The DOI-OIG issued USGS a management advisory. This pointed to inadequate management oversight and internal controls as the reason why McClain's activities went undetected for 5 years.

APPENDICES



SUMMARY OF AUDIT AND RELATED ACTIVITIES FROM APRIL 1, 2007, THROUGH SEPTEMBER 30, 2007

AUDITS AND RELATED ACTIVITIES PERFORMED BY:

	OIG STAFF		OIG SINGLE AUDIT STAFF	TOTAL
	AUDITS/VERIFICATIONS	EVALUATIONS	QUALITY CONTROL REVIEWS	
REPORTS ISSUED TO				
Department/Office of the Secretary	7	2	3	12
Fish and Wildlife and Parks	18	2	0	20
Indian Affairs	3	0	0	3
Insular Affairs	4	1	0	5
Land and Minerals Management	4	0	0	4
Water and Science	1	0	0	1
TOTAL REPORTS ISSUED	37	5	3	45

REPORTS ISSUED DURING THE 6-MONTH PERIOD THAT ENDED SEPTEMBER 30, 2007

This listing includes all audit-related reports (performance audits, financial audits, evaluations, contract and grant audits, verification reviews, and single audit quality assurance reviews) issued during the 6-month period that ended September 30, 2007. It provides report number, title, issue date, and monetary amounts identified in each report (**Funds To Be Put To Better Use*, ***Questioned Cost*, ****Unsupported Cost*, *****Lost or Potential Additional Revenues*, and ******Wasted Funds*).

PERFORMANCE AUDITS, FINANCIAL AUDITS, EVALUATIONS, AND VERIFICATION REVIEWS

BUREAU OF INDIAN AFFAIRS

X-IN-BIA-0003-2007	Management Letter Concerning Issues Identified During the Audit of the Indian Affairs Financial Statements for Fiscal Years 2006 and 2005 (05/03/2007)
C-IN-BIA-0008-2007	Flash Report - Bureau of Indian Affairs and Bureau of Indian Education: Schools in Need of Immediate Action (05/31/2007)
C-VS-BIA-0016-2007	Verification Review of the Implementation of Twelve Recommendations Contained in the Audit Report, <i>Bureau of Indian Affairs, Office of Indian Education Programs, Central Office Administrative Funds</i> (No. C-IN-BIA-0007-2003) (09/28/2007)

BUREAU OF LAND MANAGEMENT

W-FL-BLM-0007-2004	Proposed Changes to Management of the Southern Nevada Public Land Management Act Costs May Improve Fund Accountability (04/05/2007) *\$173,000
W-FL-BLM-0083-2004	Use of Land Sale Revenues Resulting From the Southern Nevada Public Land Management Act (04/05/2007)
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)

BUREAU OF RECLAMATION

C-VS-BOR-0014-2007	Verification Review of the Six Recommendations Contained in the Audit Report, <i>Concessions Managed by the Bureau of Reclamation</i> (No. 00-I-376) (08/20/2007)
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DEPARTMENTAL OFFICES

X-IN-OSS-0004-2007	Management Letter Concerning Issues Identified During the Audit of Departmental Offices Fiscal Years 2006 and 2005 Financial Statements (04/26/2007)
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MULTI-OFFICE AUDITS

W-IN-MOA-0008-2005	Private Uses of Public Lands, National Park Service and Bureau of Land Management (04/10/2007) *\$2,600,000
X-IN-MOA-0006-2007	Management Letter Concerning Issues Identified During the Audit of the Department of the Interior Financial Statements For Fiscal Years 2006 and 2005 (04/26/2007)
W-EV-MOA-0006-2006	Tribal Successes: Protecting the Environment and Natural Resources (05/01/2007)
C-IN-MOA-0002-2006	Department of the Interior Internal Control Program (08/09/2007)
X-IN-MOA-0022-2007	Independent Accountants' Report on Applying Agreed-Upon Procedures for Intragovernmental Activity and Balances for Fiscal Year 2007 (09/13/2007)
Y-EV-MOA-0002-2007	Management Advisory - Department of the Interior Purchase and Fleet Card Administration (09/24/2007)
Y-IN-MOA-0011-2007	Attestation of the National Business Center GovWorks Acquisition Office (09/25/2007)
X-IN-MOA-0020-2007	Independent Accountants' Report on Applying Agreed-Upon Procedures Submitted to the Office of Personnel Management (9/28/2007))

NATIONAL PARK SERVICE

B-EV-NPS-0011-2007	DC Water and Sewer Payments Second Quarter (05/11/2007)
C-IN-NPS-0007-2007	Flash Report - National Park Service: Hazardous Condition of Yosemite's Wawona Tunnel Endangers Lives (06/20/2007)
Y-CP-NPS-0006-2007	Critical Point Evaluation - National Park Service Centennial Initiative (08/20/2007)
B-EV-NPS-0012-2007	DC Water and Sewer Payments Third Quarter (09/06/2007)

U.S. FISH AND WILDLIFE SERVICE

C-IN-FWS-0009-2007	Flash Report - Fish and Wildlife Service: Jackson National Fish Hatchery in Need of Immediate Action (05/08/2007)
X-IN-FWS-0009-2007	Management Letter Concerning Issues Identified During the Audit of the Fish and Wildlife Service Financial Statements for Fiscal Years 2006 and 2005 (8/14/07)
X-IN-FWS-0020-2006	Independent Auditors' Report on the U.S. Fish and Wildlife Service Financial Statements for Fiscal Years 2006 and 2005 (08/14/2007)

W-VS-FWS-0005-2007	Verification Review of Four Recommendations Considered Implemented From the November 1999 Audit Report Miscellaneous Receipts of the U.S. Fish and Wildlife Service (No. 00-I-50) (09/14/2007)
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VIRGIN ISLANDS

V-EV-VIS-0002-2007	Verification of Watch Quota and Jewelry Quota Data for Calendar Year 2006 Submitted by Firms Located in the U.S. Virgin Islands (05/09/2007)
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V-IN-VIS-0002-2005	Management of Real Property, Government of Virgin Islands (05/18/2007) *\$5,959,625; ****\$3,096,423
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V-IN-VIS-0004-2005	Controls Over Video Lottery Terminal Operations, Government of Virgin Islands (06/08/2007) ****\$3,746,000
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CONTRACT AND GRANT AUDITS

BUREAU OF LAND MANAGEMENT

W-CX-BLM-0003-2007	Review of Claims Submitted by Southern Oregon Ecological Under Bureau of Land Management Contract No. HAC027Y00 (05/17/2007)
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NATIONAL PARK SERVICE

Q-CX-NPS-0004-2006	Audit of Costs Claimed by TDT Construction LLC under the National Park Service Contract No. 1443C7140040001 (07/26/2007) **\$159,692
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K-CX-OIG-0010-2005	Costs Claimed by Sharks and Sharks General Contractors, Inc., Under National Park Service Contract No. C6068030005 for Construction Work at the Ulysses S. Grant National Historic Site (08/22/2007) **\$158,623; ***\$572,480
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W-CX-NPS-0004-2007	Audit of National Park Service Contract No. C2350040050 With the University of California at Davis (09/20/2007)
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U.S. FISH AND WILDLIFE SERVICE

R-GR-FWS-0023-2005	U.S. Fish and Wildlife Service Federal Assistance Program Grants Issued to the Commonwealth of the Northern Mariana Islands, Department of Lands and Natural Resources, From October 1, 2002, Through September 30, 2004 (04/03/2007) ***\$129,083
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R-GR-FWS-0015-2005	U.S. Fish and Wildlife Service Federal Assistance Program Grants Awarded to the State of Maine, Department of Marine Resources, From January 1, 2004, Through December 31, 2005 (04/12/2007) **\$1,632
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R-GR-FWS-0001-2007	U.S. Fish and Wildlife Service Federal Assistance Program Grants Awarded to the State of Kansas, Department of Wildlife and Parks, From July 1, 2004, Through June 30, 2006 (05/02/2007)
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R-GR-FWS-0008-2005	U.S. Fish and Wildlife Service Federal Assistance Program Grants Awarded to the Commonwealth of Pennsylvania Game Commission From July 1, 2002, Through June 30, 2004 (05/31/2007) ***\$1,760,000
R-GR-FWS-0026-2005	U.S. Fish and Wildlife Service Federal Assistance Program Grants Awarded to the State of Arizona, Department of Game and Fish, From July 1, 2003, Through June 30, 2005 (06/05/2007) **\$911,540
R-GR-FWS-0004-2007	U.S. Fish and Wildlife Service Federal Assistance Program Grants Awarded to the State of Mississippi, Department of Marine Resources, From July 1, 2004, Through June 30, 2006 (06/06/2007)
R-GR-FWS-0002-2007	U.S. Fish and Wildlife Service Federal Assistance Program Grants Awarded to the State of Washington, Department of Fish and Wildlife, From July 1, 2004, Through June 30, 2006 (07/27/2007) ***\$211,339
R-GR-FWS-0003-2007	U.S. Fish and Wildlife Service Federal Assistance Program Grants Awarded to the Nebraska Game and Parks Commission, From July 1, 2004, Through June 30, 2006 (09/19/2007)
R-GR-FWS-0008-2007	U.S. Fish and Wildlife Service Federal Assistance Program Grants Awarded to the State of Mississippi, Department of Wildlife, Fisheries, and Parks, From July 1, 2004, Through June 30, 2006 (09/21/2007)

NORTHERN MARIANA ISLANDS

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)
P-GR-NMI-0004-2005	Evaluation of Office of Insular Affairs Oversight of Capital Improvement Projects, Commonwealth of the Northern Mariana Islands (06/08/2007) **\$1,240,144

SINGLE AUDIT QUALITY CONTROL REVIEWS

B-QC-MOA-0008-2007	Breazeale, Saunders & O'Neil Audit of the Mississippi Band of Choctaw Indians for the Fiscal Year Ended September 30, 2005 (07/17/2007)
B-QC-MOA-0011-2007	Freed Maxick & Battaglia Audit of the Cayuga Nation for the Fiscal Year Ended September 30, 2005 (08/03/2007)
B-QC-MOA-0013-2007	Tate & Tryon Audit of Wolf Trap Foundation for the Performing Arts for the Fiscal Year Ended December 31, 2005 (09/28/2007)

MONETARY IMPACT OF AUDIT AND EVALUATION ACTIVITIES FROM APRIL 1, 2007, THROUGH SEPTEMBER 30, 2007

Activity	Questioned Costs*	Funds To Be Put To Better Use	Potential Additional Revenue	Total
U.S. Fish and Wildlife Service	\$3,013,594	0	0	\$3,013,594
Insular Affairs	\$1,240,144	\$5,959,625	\$6,842,423	\$14,042,192
Multi- Office	0	\$2,600,000	0	\$2,600,000
National Park Service	\$890,795	0	0	\$890,795
Bureau of Land Management	0	\$173,000	0	\$173,000
Total	\$5,144,533	\$8,732,625	\$6,842,423	\$20,719,581

*Unsupported costs are included in questioned costs.

NON-FEDERAL FUNDING INCLUDED IN MONETARY IMPACT OF AUDIT ACTIVITIES DURING THE 6-MONTH PERIOD THAT ENDED SEPTEMBER 30, 2007

V-IN-VIS-0002-2005	<i>Management of Real Property, Government of the Virgin Islands</i> , dated May 18, 2007, identified \$9,056,048 as the monetary impact consisting of \$5,959,625 of funds to be put to better use and \$3,096,423 potential additional revenues. All funds were Insular funds.
V-IN-VIS-0004-2005	<i>Controls Over Video Lottery Terminal Operations, Government of the Virgin Islands</i> , dated June 8, 2007, identified \$3,746,000 as the monetary impact consisting of \$3,746,000 potential additional revenues. All of the funds were Insular funds.

AUDIT AND EVALUATION 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.	31	\$13,005,710	\$5,752,052
B. Which were issued during the reporting period.	8	\$5,144,533	\$2,672,902
Total (A+B)	39	\$18,150,243	\$8,424,954
C. For which a management decision was made during the reporting period.	4	\$1,875,323	\$1,789,120
(i) Dollar value of recommendations that were agreed to by management.	4	\$1,875,323	\$1,789,120
(ii) Dollar value of recommendations that were not agreed to by management.	0	0	0
D. For which no management decision had been made by the end of the reporting period.	35	\$16,274,920	\$6,635,834
E. For which no management decision was made within 6 months of issuance.	30	\$13,312,929	\$5,722,932

*Unsupported costs are included in questioned costs.

AUDIT AND EVALUATION 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.	19	\$29,586,414
B. Which were issued during the reporting period.	2	\$2,773,000
Total (A+B)	21	\$32,359,414
C. For which a management decision was made during the reporting period.	5	\$4,147,535
(i) Dollar value of recommendations that were agreed to by management.	4	\$3,509,331
(ii) Dollar value of recommendations that were not agreed to by management.	1	\$638,204
D. For which no management decision had been made by the end of the reporting period.	16	\$28,211,879
E. For which no management decision was made within 6 months of issuance.	14	\$25,438,879

AUDIT AND EVALUATION RESOLUTION ACTIVITIES

TABLE III: INSPECTOR GENERAL REPORTS
WITH LOST OR POTENTIAL ADDITIONAL REVENUES

	Number of Reports	Dollar Value
A. For which no management decision had been made by the commencement of the reporting period.	4	\$92,410,640
B. Which were issued during the reporting period.	0	0
Total (A+B)	4	\$92,410,640
C. For which a management decision was made during the reporting period.	1	\$52,085,000
(i) Dollar value of recommendations that were agreed to by management.	1	\$52,085,000
(ii) Dollar value of recommendations that were not agreed to by management.	0	0
D. For which no management decision had been made by the end of the reporting period.	3	\$40,325,640
E. For which no management decision was made within 6 months of issuance.	3	\$40,325,640

AUDIT AND EVALUATION RESOLUTION ACTIVITIES

TABLE IV: INSPECTOR GENERAL REPORTS
WITH WASTED FUNDS

	Number of Reports	Dollar Value
A. For which no management decision had been made by the commencement of the reporting period.	2	\$28,856,706
B. Which were issued during the reporting period.	0	0
Total (A+B)	2	\$28,856,706
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	0
(ii) Dollar value of recommendations that were not agreed to by management.	0	0
D. For which no management decision had been made by the end of the reporting period.	2	\$28,856,706
E. For which no management decision was made within 6 months of issuance.	2	\$28,856,706

SUMMARY OF AUDIT AND EVALUATION REPORTS OVER 6 MONTHS OLD PENDING MANAGEMENT DECISIONS AT SEPTEMBER 30, 2007

This listing includes a summary of audit (performance, financial, contract (except pre-awards), and grant), and evaluation reports that were more than 6 months old on September 30, 2007, and still pending a management decision. It provides report number, title, issue date, number of unresolved recommendations, and unresolved amount of monetary benefits identified in the report.

PERFORMANCE AUDITS, FINANCIAL AUDITS, AND EVALUATIONS

BUREAU OF INDIAN AFFAIRS

W-FL-BIA-0047-2002	School Construction Program, Bureau of Indian Affairs (02/24/2004); 1 Recommendation; \$2,100,000 Unresolved
C-IN-BIA-0015-2004	Bureau of Indian Affairs Use of Facilities Improvement and Repair Funds (08/29/2005); 1 Recommendation; \$10,200,000 Unresolved

MULTI-OFFICE AUDITS

X-IN-MOA-0018-2005	Fiscal Year 2005 Department of the Interior Purchases Made on Behalf of the Department of Defense (01/09/2007); 3 Recommendations
C-IN-MOA-0007-2005	U.S. Department of the Interior Radio Communications Program (01/30/2007); 1 Recommendation; \$35,456,000 Unresolved
W-IN-MOA-0086-2004	Proper Use of Cooperative Agreements Could Improve Interior's Initiatives for Collaborative Partnerships (01/31/2007); 5 Recommendations

NATIONAL PARK SERVICE

X-IN-NPS-0017-2006	Independent Auditors' Report on the National Park Service Financial Statements for Fiscal Years 2006 and 2005 (02/08/2007); 4 Recommendations
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OFFICE OF THE SECRETARY

X-IN-OSS-0016-2006	Independent Auditors' Report on the Departmental Offices Financial Statements for Fiscal Years 2006 and 2005 (02/05/2007); 2 Recommendations
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CONTRACT AND GRANTS

NATIONAL PARK SERVICE

2000-E-0607	Costs Billed By Harrison & Palmer, Inc., From April 1, 1996, Through June 23, 1999, Under National Park Service Contract No. 143CX300094906 (08/08/2000); 1 Recommendation; \$52,703 Unresolved
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2000-E-0706	Audit of Costs Billed by Southern Insulation, Inc., From November 21, 1994, Through June 1, 1999, Under National Park Service Contract No. 1443CX300094906 (09/29/2000); 1 Recommendation; \$86,262 Unresolved
2001-E-0035	Audit of Costs Billed by Callas Contractors, Inc., From January 1, 1997, Through June 1, 1999, Under National Park Service Contract No. 1443CX300094906 (11/07/2000); 1 Recommendation; \$16,425 Unresolved
2001-E-0036	Audit of Costs Billed by Capitol Mechanical Contractors, Inc., From January 1, 1997, Through June 1, 1999, Under National Park Service Contract No. 1443CX300094906 (11/07/2000); 1 Recommendation; \$98,194 Unresolved
2001-E-0244	Audit of Costs Billed by E.M.S. Consultants, Inc., From May 1, 1996, Through June 1, 1999, Under National Park Service Contract No. 1443CX300094906 (02/27/2001); 1 Recommendation; \$327,330 Unresolved
2001-E-0336	Audit of Costs Billed By JCM Control Systems, Inc., From January 1, 1994, Through July 16, 1999, Under National Park Service Contract No. 1443CX300094906 (04/23/2001); 1 Recommendation; \$109,865 Unresolved

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-0014-2004	U.S. Fish and Wildlife Service Federal Assistance Grants Administered by the Commonwealth of Puerto Rico, Department of Natural and Environmental Resources, From July 1, 2001, Through June 30, 2003 (09/19/2005); 9 Recommendations
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; \$519,469 Unresolved
R-GR-FWS-0004-2005	U.S. Fish and Wildlife Service Federal Assistance Grants Administered by the State of Illinois, Department of Natural Resources, From July 1, 2002, Through June 30, 2004 (03/31/2006); 12 Recommendations; \$553,977 Unresolved
R-GR-FWS-0018-2005	U.S. Fish and Wildlife Service Federal Assistance Grants Awarded to the State of Minnesota, Department of Natural Resources, Division of Fish and Wildlife, From July 1, 2002, Through June 30, 2004 (02/01/2007); 3 Recommendations
R-GR-FWS-0004-2006	U.S. Fish and Wildlife Service Federal Assistance Program Grants Awarded to the State of Missouri, Department of Conservation, From July 1, 2003, Through June 30, 2005 (02/23/2007); 1 Recommendation

SUMMARY OF PERFORMANCE AUDIT, FINANCIAL AUDIT, AND EVALUATION REPORTS MORE THAN 6 MONTHS OLD PENDING CORRECTIVE ACTION AT SEPTEMBER 30, 2007

This is a listing of performance audits, financial audits, 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
X-IN-BIA-0006-2005	Independent Auditors' Report on the Bureau of Indian Affairs' Financial Statements for Fiscal Years 2005 and 2004 (12/20/2005); 1 Recommendation
C-IN-BIA-0017-2005	Bureau of Indian Affairs, Radio Communications Program (01/31/2007); 6 Recommendations

BUREAU OF LAND MANAGEMENT

1999-I-0808	Cultural Resource Management, Bureau of Land Management (09/03/1999); 2 Recommendations
C-IN-BLM-0013-2005	Public Safety Issues at the Saginaw Hill Property Bureau of Land Management (03/15/2005); 1 Recommendation
X-IN-BLM-0022-2006	Independent Auditors' Report on the Bureau of Land Management Financial Statements for Fiscal Years 2006 and 2005 (02/12/2007); 1 Recommendation
X-IN-BLM-0007-2007	Management Letter Concerning Issues Identified During the Audit of the Bureau of Land Management's Financial Statements for Fiscal Years 2006 and 2005 (02/26/2007); 1 Recommendation

BUREAU OF RECLAMATION

1999-I-0133	Audit Report on the Identification of Unneeded Acquired Lands (12/21/1998); 1 Recommendation
X-IN-BOR-0023-2006	Independent Auditors' Report on the Bureau of Reclamation Financial Statements for Fiscal Years 2006 and 2005 (02/12/2007); 1 Recommendation

DEPARTMENTAL OFFICES

E-IN-OSS-0058-2004	Independent Auditors' Report on the Departmental Offices' Financial Statements for Fiscal Years 2004 and 2003 (12/06/2004); 1 Recommendation
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E-EV-BIA-0063-2003	Process Used To Assess Applications to Take Land Into Trust for Gaming Purposes (09/01/2005); 2 Recommendations
X-IN-OSS-0016-2006	Independent Auditors' Report on the Departmental Offices Financial Statements for Fiscal Years 2006 and 2005 (02/05/2007); 5 Recommendations

MINERALS MANAGEMENT SERVICE

X-IN-MMS-0010-2005	Independent Auditors' Report on the Minerals Management Service's Financial Statements for Fiscal Years 2005 and 2004 (12/08/2005); 1 Recommendation
C-IN-MMS-0006-2006	Minerals Management Service's Compliance Review Process (12/05/2006); 3 Recommendations

MULTI-OFFICE AUDITS

1996-I-1267	Inspection and Enforcement Program and Selected Activities, Bureau of Land Management (09/30/1996); 1 Recommendation
C-IN-MOA-0042-2003	Fleet Management Operations, U.S. Department of the Interior (02/09/2004); 1 Recommendation
A-IN-MOA-0004-2004	Department of the Interior's Use of Wireless Technologies (12/06/2004); 1 Recommendation
C-IN-MOA-0049-2004	Department of the Interior Concessions Management (06/13/2005); 3 Recommendations
C-IN-MOA-0040-2004	U.S. Department of the Interior Hazardous Materials Site Management (08/22/2005); 1 Recommendation
X-IN-MOA-0011-2005	Independent Auditors' Report on the Department of the Interior's Annual Report on Performance and Accountability for Fiscal Year 2005 (11/15/2005); 4 Recommendations
W-IN-MOA-0002-2005	Hazardous Fuels Reduction Program, Department of the Interior (04/17/2006); 5 Recommendations
E-EV-MOA-0017-2005	Department of the Interior's Gross Estimated Savings for FY 2004 Competitive Sourcing (06/23/2006); 1 Recommendation
X-IN-MOA-0018-2005	Fiscal Year 2005 Department of the Interior Purchases Made on Behalf of the Department of Defense (01/09/2007); 7 Recommendations
W-IN-MOA-0086-2004	Proper Use of Cooperative Agreements Could Improve Interior's Initiatives for Collaborative Partnerships (01/31/2007); 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
C-IN-NPS-0013-2004	The National Park Service's Recording of Facility Maintenance Expenditures (01/26/2005); 2 Recommendations
X-IN-NPS-0009-2005	Independent Auditors' Report on the National Park Service's Financial Statements for Fiscal Years 2005 and 2004 (12/21/2005); 2 Recommendations
P-IN-NPS-0074-2004	Hawaii Volcanoes National Park: Improved Operations Should Enhance Stewardship and Visitor Experience (03/31/2006); 6 Recommendations
X-IN-NPS-0017-2006	Independent Auditors' Report on the National Park Service Financial Statements for Fiscal Years 2006 and 2005 (02/08/2007); 4 Recommendations
X-IN-NPS-0005-2007	Management Letter Concerning Issues Identified During the Audit of the National Park Service's Financial Statements for Fiscal Years 2006 and 2005 (03/01/2007); 9 Recommendations

OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

Q-IN-OST-0002-2005	Independent Auditors' Report on the Tribal and Other Trust Funds and Individual Indian Monies Trust Funds Financial Statements for Fiscal Years 2005 and 2004 Managed by the Office of the Special Trustee for American Indians (11/22/2005); 2 Recommendations
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U.S. FISH AND WILDLIFE SERVICE

1997-I-1305	Audit Report on the Automated Law Enforcement System, U.S. Fish and Wildlife Service (09/30/1997); 1 Recommendation
X-IN-FWS-0003-2006	Management Letter Concerning Issues Identified During the Audit of the Fish and Wildlife Service's Financial Statements for Fiscal Years 2005 and 2004 (02/27/2006); 2 Recommendations

U.S. GEOLOGICAL SURVEY

X-IN-GSV-0002-2007	Management Letter Concerning Issues Identified During the Audit of the U.S. Geological Survey's Financial Statements for Fiscal Years 2006 and 2005 Financial Statements (03/29/2007); 1 Recommendation
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REPORTS ISSUED ON INFORMATION SECURITY

ISD-EV-BLM-0004-2007	Bureau of Land Management IT Security Evaluation (4/2007)
ISD-EV-BLM-0010-2007	External Penetration Test of the Bureau of Land Management (4/2007)
ISD-EV-BLM-0011-2007	Trusted Insider Threat Evaluation of the Bureau of Land Management (4/2007)
ISD-EV-MMS-0006-2007	Trusted Insider Threat Evaluation of Minerals Management Service (5/2007)
ISD-EV-BOR-0010-2007	External Penetration Test of Bureau of Reclamation (5/ 2007)
ISD-EV-OSS-009-2007	Vulnerability Assessment Technical Report of DOI's Recreation Information Database (5/2007)
ISD-EV-NBC-0012-2007	Trusted Insider Threat Evaluation of the National Business Center (6/2007)
ISD-EV-NBC-0013-2007	National Business Center Oracle Security Evaluation (6/ 2007)
ISD-EV-NBC-0003-2007	National Business Center IT Security Evaluation (6/2007)
ISD- EV-MOA-0005-2007	2007 Federal Information Security Management Act Report (9/2007)

CROSS-REFERENCES TO THE INSPECTOR GENERAL ACT

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*N/A: Not applicable to this reporting period



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