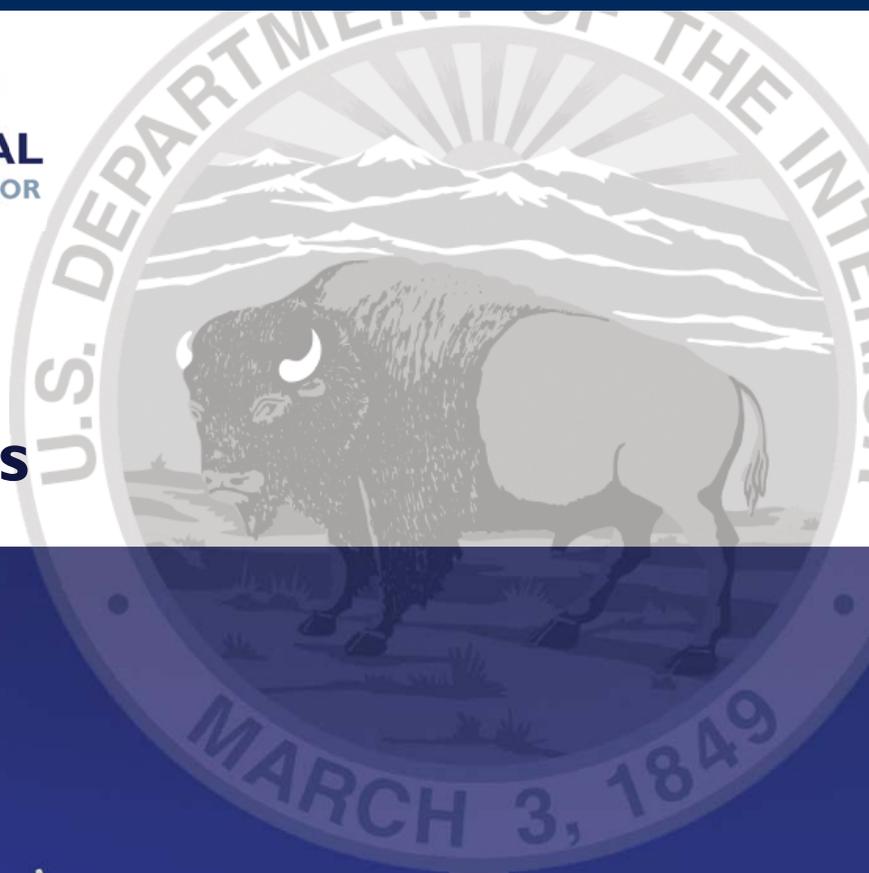




OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

Semiannual Report to Congress



October 2012

Cover photo of a wind turbine farm in the Mojave Desert in California,
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OFFICE OF
INSPECTOR GENERAL
 U.S. DEPARTMENT OF THE INTERIOR

October 2012

April 1, 2012 - September 30, 2012

Contents

About DOI and OIG.....ii

Message From the
 Deputy Inspector General.....iii

OIG Operating Principles.....v

Office of Inspector General..... I

Summaries of Significant Reports and Investigations.....5

Appendices.....23

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About DOI and OIG

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

The Office of Inspector General (OIG) promotes excellence, integrity, and accountability in these DOI programs. With about 265 employees, the organization is driven by a keen sense of mission and is dedicated to providing products and services that impact DOI mission results.

Message From the Deputy Inspector General



Providing independent and objective oversight of the U.S. Department of the Interior and identifying risks and vulnerabilities that affect its many bureaus, programs, and operations is OIG's core mission. To carry out our mission effectively, and with excellence, requires continuous outreach to and constructive feedback from our key stakeholders—DOI, Congress, and the U.S. Department of Justice (DOJ). In this semiannual report covering the 6-month period from April 1 to September 30, 2012, we highlight our various approaches and methods to building and strengthening this vital communication link that ensures OIG maintains its credibility and capacity to influence positive change.

In addition to our diverse audits, inspections, evaluations, and investigations, we provided high-quality information to DOI leaders and staff through briefings and trainings, responded to requests to help bureaus adjust and improve their processes, continued robust outreach with congressional oversight committees, and conferred and coordinated with our DOJ partner. In every case, our purpose was to give policymakers and legislators actionable information and recommendations to prevent or deter fraud, waste, and mismanagement, and to understand priorities to guide our future work. I invite you to read more about our stakeholder outreach on pages 1-3 of this report.

During the 6-month period, OIG issued reports covering a wide range of DOI activities. Our evaluation of oil and gas leasing in Indian Country found that by making programmatic, management, and other improvements, the Bureau of Indian Affairs has an opportunity to increase economic development and promote self-determination in Indian communities. In our audit of DOI's management of rights-of-way, we found that the Bureau of Land Management could collect an additional \$100 million or more in annual rents by charging market value rents and improving management of this highly important National program. We also evaluated the Guam Power Authority's ability to maintain its infrastructure and expand and improve service and reliability, as well as Juan F. Luis Hospital and Medical Center in the Virgin Islands, which faces a precarious future due to annual financial losses and ineffective management. You can read more about these and other audits, inspections, and evaluations on pages 5 – 14.

The results of our many investigative activities during the 6-month period included the sentencing of a former offshore rig manager for lying to Federal agents about his instruction to his employees to falsify blowout preventer tests, and the payment of a \$4 million settlement to the Federal Government by an energy services company for violations of the False Claims Act. Other cases involved conviction and sentencing of various Federal employees and private individuals for criminal activities that affected the Bureau of Indian Affairs, the U.S. Fish and Wildlife Service, and the National Park Service. You can read about the results of our activities on pages 15 – 21.

As we move forward in fiscal year 2013—a time that demands perhaps unprecedented stewardship of Federal Government finances—OIG leaders and staff are taking every action possible to conserve our own resources and adopt best practices so that we continue to deliver effective, cost-efficient oversight while helping to drive improvement and positive change at DOI.

A handwritten signature in black ink, appearing to read "Maupia Kendall". The signature is written in a cursive, flowing style.

Deputy Inspector General

OIG Operating Principles

Mission

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

Values

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

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

Responsibilities

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

Activities

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

Office of Inspector General



Stakeholder Outreach

Given its responsibility to oversee a department with 70,000 employees and bureaus with diverse missions, OIG strategy is to develop and provide information through audits, inspections, evaluations, and investigations about DOI's high-priority programs. We define high-priority programs as programs posing the most significant risks, including those that help to ensure public safety and sustainability of DOI lands and resources. We seek to provide timely, relevant, actionable, and objective recommendations related to DOI's highest priority issues to help DOI take the most effective action.

To help achieve this strategy, OIG gathered information from its primary stakeholders—DOI, the U.S. Department of Justice (DOJ), and Congress. OIG considers stakeholder feedback when choosing the focus of its reviews and identifying ways to improve its oversight. OIG leadership met with senior officials at DOI and DOJ and with congressional committees to determine whether completed investigations and audits were timely, relevant, and provided actionable information, and to discuss high-priority programs and issues. DOI officials used these discussions to request OIG reviews of specific programs.

Leadership met with officials at the Bureau of Land Management (BLM), the National Park Service (NPS), the Bureau of Reclamation (USBR), the Office of Ethics, and the Office of the Solicitor, and also briefed the Acting Assistant Secretary for Land and Minerals Management. Leadership also met with DOJ's Public Integrity Office on scientific misconduct issues and DOI's buildup in Guam in preparation for the U.S. Department of Defense relocation from Japan. Congressional briefings included the House of Representatives Committees for Small Business, Science, Natural Resources, Oversight and Government Reform, and Appropriations, as well as the Senate Committees for Budget, Appropriations, and the Environment and Public Works.

U.S. Department of the Interior

OIG independence and objectivity. OIG independence is critical to maintaining its credibility and capacity to influence positive change. DOI has sought OIG's review on a number of matters that it did not feel it could resolve without OIG's independence and objectivity. This demonstrates DOI's confidence that OIG's work can have a substantial impact on how DOI conducts business. For example, OIG helped one bureau improve its procurement processes and hold contractors more accountable after an investigation uncovered flawed policies and procedures.

Quality of OIG information. Several bureau officials commented that the quality of information OIG provides is essential to their ability to take necessary corrective actions. For example, staff in the Office of the Solicitor and the Office of Ethics commended OIG's Office of Investigations for the quality of information in its reports, stressing that OIG information helps these offices make effective recommendations and provide advice on administrative personnel actions to DOI officials. One bureau official said that he appreciated OIG's thoughtful recommendations while acknowledging the challenges OIG faces in balancing quality work with timely delivery.

Communication and Coordination. Communication and coordination among OIG, DOI, and DOJ throughout several investigations also contributed to favorable outcomes for DOI. USBR officials cited the quality of information that OIG investigators collected while conducting a criminal investigation, and the high level of coordination among OIG, DOI's local solicitor, USBR, and the U.S. Attorney's Office as vital to reaching a successful civil settlement with the alleged wrongdoers.

Requests for OIG briefings and training. OIG received numerous requests to brief or train bureau leadership and staff. Bureau officials expressed interest in learning about the OIG investigative and audit processes, OIG's expectations of the bureaus during program reviews and investigations, and the process for referring matters to OIG. Several DOI officials, NPS senior leaders, and BLM senior management also expressed interest in receiving briefings on ethics and misconduct issues. NPS officials requested that OIG reinstate its presentations to NPS law enforcement officers at the Federal Law Enforcement Training Center and to NPS superintendents with law enforcement responsibilities.

Requests to alter OIG processes. DOI requested that OIG adjust two of its processes that DOI officials felt placed an undue burden on departmental staff. In response, OIG agreed to refer complaints on an informational basis only and not require a response from offices that do not have the capacity to investigate complaints. OIG also agreed to do the same when organized interest groups submit the same or similar complaints on a recurring basis.

Two bureaus or offices also requested to receive advance notice when OIG reports will be made public, or when OIG will be responding to a FOIA request, to provide them more time to prepare for media inquiries. While OIG strives to keep DOI informed in a timely manner whenever a report is made public, OIG has also made adjustments to its internal procedures to better ensure that notification occurs consistently and timely to DOI and congressional staff.

U.S. Department of Justice

OIG met with the Chief of the Public Integrity Section (PIN) at DOJ to discuss scientific integrity cases and potential issues with the U.S. Department of Defense military buildup in Guam.

DOJ officials requested that OIG brief them early in the investigative process on scientific integrity cases because these cases are difficult to prosecute. Very few administrative sanctions are available, and criminal cases require a high burden of proof of intent to deceive or commit fraud.

OIG also conferred with PIN over potential issues in Guam and what kinds of cases PIN would consider for prosecution. PIN takes on complex, high-profile corruption cases that local authorities in the territories of Guam and American Samoa do not have the resources to prosecute.

Congress

OIG continued its robust and proactive congressional outreach program this fiscal year, providing process briefings, specific case briefings, testimony, and oversight assistance to congressional staff. This effort required developing strong lines of communication with oversight committees.

Senior leadership provided frequent briefings on recently completed work, as well as current and future areas of work. Briefings this past year included discussions on DOI's grants process; the scientific integrity process and the respective roles of both DOI and OIG; and the various OIG operational processes for investigations, audits and evaluations, and oversight of the American Recovery and Reinvestment Act. OIG also provided briefings on specific cases, including the Drakes Bay Oyster Farm investigation, an investigation into allegations of scientific misconduct involving polar bears in Alaska, the Gulf drilling moratorium case, the ongoing Mad River investigation, and details of the ongoing audit of the Coastal Impact Assistance Program.

OIG uses these briefings to solicit input from committee members to understand their priorities and concerns and carefully considers this input when prioritizing future assignments.

Summaries of Significant Reports and Investigations



Office of Audits, Inspections, and Evaluations

Oil and Gas Leasing in Indian Country Provides Opportunities for Economic Development

According to the U.S. Department of Energy, Indian Country (land owned by Indian tribes or nations) totals approximately 5 percent of the United States' land base but contains an estimated 10 percent of the Nation's energy resources. In a combined area slightly larger than Utah, Indian Country has approximately 20,600 active oil and gas leases. An overwhelming majority of these leases—94 percent—are in 5 of the Bureau of Indian Affairs' (BIA) 12 regions (Eastern Oklahoma, Great Plains, Rocky Mountain, Southern Plains, and Southwest), and about 10,700 were issued in the past 5 years. Royalties to tribes received from Indian leases exceeded \$430 million in fiscal year 2011.

BIA reviews and approves oil, gas, and other mineral leases on Indian lands, but has no formal oil and gas program to provide oversight and assistance. The Bureau does not have a sufficient number of employees with the education and work experience specific to oil and gas. Employees stationed at regional or agency offices typically acquire their knowledge on the job and often do not have the necessary resources to provide efficient assistance.



Pumping unit used for producing oil on tribal lands.

OIG found a need for focused, coordinated program management of Indian oil and gas development. As Indian oil and gas leases have increased in the last 5 years, BIA continues to approve leases without formal policies and procedures to ensure consistency and transparency. BIA also applies National Environmental Policy Act requirements inconsistently and has no long-term planning process for program management.

Current impediments to development include inconsistent policies and procedures among regions, funding shortfalls, and fractionated ownership of allotted lands. Despite these impediments, however, opportunities exist, both to attract oil and gas industry development to Indian lands and to promote Indian self-determination through the lease process.

OIG reported that, with minimal additional funding, BIA could solve or mitigate most impediments to oil and gas development in Indian Country. It recommended actively promoting the advantages of Indian leases to industry, implementing consistent internal processes within BIA, and involving Federal agencies such as the Bureau of Land Management, which plays a significant role in policy development for oil and gas leasing.

Aging Infrastructure, Military Buildup May Affect GPA's Ability To Meet Citizens' Needs

OIG evaluated Guam Power Authority's (GPA) ability to properly account for the condition and maintenance of key infrastructure components and assessed efforts to expand service capacity, improve reliability, ensure continuity of service for critical facilities, prepare for contingencies, and incorporate alternative energy sources.

GPA, established in May 1968 as a Government of Guam public corporation, supplies electrical services on Guam to residential and commercial customers, the Government of Guam, and the U.S. Navy. In fiscal year 2010, it served approximately 47,800 customers—the single largest of which was the U.S. Navy, which accounted for 19 percent of GPA's revenues.

In 2011, Guam's population, including the military, was approximately 180,000. Due to the potential military buildup that is expected to occur after 2014, Guam's population may increase with the relocation of Marines and their dependents and support services to the island. The buildup will require additional power demand, and GPA recognizes that its generation and transmission upgrades are required to meet the direct needs of the buildup.

GPA has been working with the U.S. Department of Defense (DoD) to ensure there is adequate capacity to serve the load of military projects targeted for the island in a timely manner. To complement GPA's existing generation system, DoD has expressed its desire to recondition up to five combustion turbine units. The successful reconditioning of existing generation units, and the

completion of required transmission and distribution system upgrades, will minimize the impact on the power utility caused by the anticipated increase in demand.

Despite significant improvements made to its generation, transmission, and distribution facilities in the past few years, GPA faces an unprecedented challenge in keeping up with its aging infrastructure and preparing for the impending military buildup.

In addition to the challenges of an aging infrastructure, GPA is also affected by differing priorities with its military buildup partners—the Government of Japan and DoD. GPA has yet to receive funds that Japan committed for some projects, and it is unclear when and how the funding will be secured. Failure to receive the funds for military-related projects in a timely manner may cause unnecessary disruption of power to both the civilian and military populations of Guam. Furthermore, despite GPA's positive relationship with the military, numerous issues between DoD and GPA remain unresolved and may potentially place additional strain on GPA and its ratepayers.

GPA has taken steps necessary to improve the condition of key infrastructure components, expand service capacity, increase reliability, and incorporate renewable or alternative energy sources, but must secure funding in a timely manner and remain flexible to adapt to changing energy needs.

BLM and BIA Have Opportunities To Improve Compliance With National Bridge Safety Inspection Standards

An OIG evaluation determined that the Bureau of Land Management (BLM) had not submitted its bridge inspection data prior to the evaluation for inclusion in the National Bridge Inventory (NBI) database. By law, bridges that are publicly accessible and greater than 20 feet in length must meet the National Bridge Safety Inspection Standards found in 23 CFR § 650, and inspection data must be included in the NBI. OIG also found that BLM did not know the exact number of bridges in its inventory. In addition, inventory management errors at the Bureau of Indian Affairs (BIA) caused inspection timetables to be missed and bridges belonging to BIA to not be properly identified and inspected.

BLM and BIA collectively have responsibility for approximately 1,432 public bridges. Federal law requires that public bridges meeting certain criteria are to follow the National Bridge Safety Inspection Standards that specify inspection procedures and frequency, among other elements. The standards require bridge inspections once every 2 years, and that inspection data is submitted at the request of the Federal Highway Administration (FHWA) for the NBI database.



Coolidge Dam structure on the Gila River in Arizona.

OIG found that BLM does not have complete data available to submit on approximately half of its NBI-eligible bridges because it contracts with FHWA to have those bridges inspected according to the standards. Its remaining bridges are inspected by BLM personnel, using criteria established by the Bureau that does not completely mirror the same information required by NBI. Consequently, certain inspection data have been omitted from these Bureau-inspected bridges. Critical information missing from reports include load data, which is necessary to determine the maximum vehicle weight the bridge can safely handle, or scour data, which is used to assess the degree of erosion and water damage to piers and abutments for structures spanning rivers or streams. The absence of such data critical to determining the safety of these bridges offers no assurance that BLM inspections are conducted at a level consistent with what would be required to ensure adequate bridge safety.

OIG also found that while BIA required its bridge inspectors to follow the National standards, the completeness and accuracy of data maintained in the Bureau's bridge inventory could not be validated in every instance. Discrepancies included bridges unintentionally left off the inventory list, bridges closed to vehicle traffic but retained on the inventory list, and a bridge not actually owned by BIA but still listed on the inventory. Such discrepancies raise concern about BIA's ability to ensure complete accuracy of its database, timeliness of its bridge inspections, and safety of the bridges managed by the Bureau. We also identified contracting issues that needed to be resolved for the Bureau to comply with Federal requirements and to ensure the validity of its bridge inspections.

BLM and BIA need to improve management oversight and documentation of the bridges in their inventories, as well as the reliability and effectiveness of their bridge inspection practices. Compliance with the requirements established by the standards provides the greatest assurance that bridges are as safe as possible for public use.

Equestrian Facility Costly to BLM, Unsafe for Continued Public Use

An inspection of the Bureau of Land Management (BLM) Lower Potomac Station's Meadowood Equestrian Facility, in Lorton, VA, determined that BLM used horse-boarding fees collected from private and public boarders for the intended purpose under the terms of the services contract with CAS Company. OIG found, though, that the horse-boarding fee structure cannot sustain the current level of service provided over time because of increasing operating costs and limited use of the facility. In addition, an environmental assessment conducted in May 2012 concluded that the barn violates safety standards for public use.

Under the terms of the 5-year services contract with CAS Company, private users pay BLM a flat fee of \$700 per month to board their horses at the facility, and BLM pays subsidies to fulfill the monthly rate required by the contract to manage daily operations at the facility. The contract, however, specifies a reduction in the number of horses boarded at the facility each year where the monthly rate to manage the facility increases. Boarders continue to pay the \$700 flat fee while monthly subsidies paid by BLM to CAS Company increase each contract year.

In addition, the existing services contract was not designed to provide funds to maintain an equestrian barn that complies with current safety or structural standards. In May 2012, an environmental assessment concluded that the barn violates Federal and State public use safety standards and poses risks to the health and safety of both horses and people. The environmental assessment provides BLM with options for repair or renovation, or to close the barn indefinitely.

BLM has not determined when it will make a decision regarding the facility, but it has set aside \$800,000 in deferred maintenance funds that could be used to renovate the barn. BLM should consider the financial sustainability of the program and the health and safety risks of continued public use to determine the future of the facility.

BIA Staffing Contract Did Not Provide Intended Benefit

OIG evaluated the Bureau of Indian Affairs' (BIA) law enforcement recruitment contract with the National Native American Law Enforcement Association (NNALEA) to determine whether BIA Office of Justice Services (OJS) received the intended benefit from the contract.

In OIG's previous review of staffing needs for BIA detention facilities, OIG learned that in June 2009, BIA awarded a \$1 million, 1-year contract to NNALEA to help recruit and hire critically needed law enforcement officers (police, corrections, and criminal investigator positions) to work in Indian Country. OIG's review of that contract identified deficiencies in the award process, price negotiation, and contract performance requirements, as well as a vague statement of work.

As a result, OIG issued a management advisory report recommending that BIA terminate the contract. Based on the report and advice from the Office of the Solicitor, BIA terminated the contract for convenience in February 2010. At that time, the contract had been in place for 8 months and BIA had paid \$967,100—nearly the entire contract value of \$1 million—to NNALEA.

In the most recent evaluation, OIG found that OJS received no benefit when it awarded the recruitment services contract to NNALEA, thus wasting almost \$1 million. This occurred because BIA violated the Federal Acquisition Regulation and departmental policy, and failed to use its available human resources experience in developing contract terms. The Federal Acquisition Regulation provides uniform policies and procedures for acquisition and requires full and open competition. Among its guiding principles is to have an acquisition system that conducts business with integrity, fairness, and openness. BIA ignored regulations and departmental policy, choosing to negotiate contract terms with a contractor without the benefit of expert advice.

These failures resulted in a poorly written contract, which was developed in conjunction with NNALEA, with significant contract defects in terms and conditions. NNALEA took advantage of OJS and the contract defects to produce unusable contract deliverables.

By increasing its internal control and accountability efforts over its contracting program, BIA can ensure that future contracts comply with the Federal Acquisition Regulation and departmental policy.

Virgin Islands Hospital Faces Fiscal Crisis

OIG evaluated Juan F. Luis Hospital and Medical Center (JFLH), which serves the residents of St. Croix, VI, as well as all visitors traveling to this island community, and determined that the current fiscal crisis is jeopardizing the future of the hospital as an effective treatment facility.

Through the years, JFLH has provided patients with medical attention regardless of their ability to pay. Services are available 24 hours a day, 7 days a week, to meet the needs of approximately 51,000 residents and more than 300,000 visitors annually. The hospital exists through a partnership arrangement with the Government of the Virgin Islands, which is intended

to encourage hospital self-sufficiency and provide adequate health care delivery. Reporting continual deficits, however, JFLH calculated average annual operating losses at \$35 million from fiscal year 2005 through fiscal year 2010. The Government of the Virgin Islands provided an annual average of \$26.7 million to JFLH over the same period to offset losses.

With annual financial losses on the increase, however, the hospital has managed its resources with a business-as-usual approach that has further imbalanced revenue and expenses. It has managed to stay afloat, using measures that continue to draw down its fiscal resources and deepen its deficit.

Although the current hospital CEO has noted that JFLH systems are either “bruised or broken,” the hospital still has the capacity and the opportunity to take fundamental steps to reduce its debt load and revitalize its services. Chief among these is improving its revenue management. JFLH has demonstrated losses in the tens of millions of dollars because steps have not been taken to ensure the timely collection of patient accounts receivable, third-party reimbursements, and internal service agreements. As of December 2011, patient accounts receivable were valued at more than \$68 million. After allowances had been made for accounts deemed uncollectible and for normal adjustments made by third-party insurers, however, JFLH valued its outstanding patient accounts receivable at roughly \$11.5 million. This disparity between actual receivables and what JFLH views as collectible underscores JFLH’s difficulties with obtaining payment for services rendered.

In addition, although strapped for cash, JFLH has not exercised fiscal restraint. Its resulting debt has hindered payment of outstanding bills as they have come due and plunged the hospital into an ever-deepening cycle of untimely payments that require both service charges and late fees, and jeopardize long-standing relationships with vendors. JFLH also has not properly monitored its agreements to reduce the frequency of overpayments, prepayments, and unsupported payments.

Although no easy solutions exist to improve JFLH’s fiscal crisis, focusing on balancing ongoing expenses with incoming revenue could facilitate this process. Among OIG’s recommendations were rigorous daily attentiveness to good fiscal practices that include consistently applying collection procedures (timely follow-ups on unpaid bills to all primary and secondary insurance carriers) and complying with precertification and disclosure regulations established by insurance carriers to increase the likelihood of reimbursement.

OIG Finds Opportunities To Increase Right-of-Way Revenues

OIG audited DOI's management of rights-of-way (ROWs) and found that an additional \$100 million or more could be collected in annual rents should DOI better use market values in its rent assessments. The additional revenues are not collected because DOI and its bureaus charge grantees less than market value rents under ROW agreements, provide unjustified rent discounts, and do not conduct periodic reviews to identify unauthorized services.

A ROW provides a grantee use of Federal or Indian lands for a specified period and purpose, which fosters the development of domestic energy resources, expansion of communications infrastructure, and improvements to transportation networks. The Mineral Leasing Act of 1920, the Indian Right of Way Act of 1948, and the Federal Land Policy and Management Act of 1976 confer authority to DOI to grant a ROW. These statutes require collecting market value rents for lands used under ROW grants. Market value is generally defined as the price paid and received by a reasonably knowledgeable and willing owner and buyer at the time of the transaction. The rent collected on some ROWs can exceed \$1 million throughout the ROW's term.

DOI currently has more than 125,000 ROWs. These include those managed by the Bureau of Land Management (more than 100,000), the Bureau of Indian Affairs (more than 20,000), and less than 5,000 each on lands managed by the National Park Service, the Bureau of Reclamation, and the U.S. Fish and Wildlife Service. ROWs we reviewed are classified as either linear for roadways, electric transmission lines, oil and gas pipelines, and fiber-optic cables; or as communications sites for cellular telephone, television, radio, and wireless Internet services.

OIG found that DOI and its bureaus do not set ROW rents based upon market value and generally do not value ROWs based upon comparable market data. OIG also found that high-value ROWs are not prioritized for individual valuation, and that valuation services and appraisal services personnel have not received sufficient training to conduct individual ROW valuations.

In addition, added services on ROWs go unreported or receive unjustified discounts, and rents go unpaid. No process exists to determine collection of back rents and how much is to be charged, and rent schedules for communications sites are out of date and do not consider the volume of the service authorized.

OIG recommended that DOI can increase ROW revenues by conducting ROW rent valuations based upon actual market values, revising and updating ROW rent schedules, and identifying unreported services and collecting back rents on ROWs.

Improvements Needed To Effectively Manage BLM's Renewable Energy Program

OIG evaluated the Bureau of Land Management's (BLM) renewable energy activities and found that the Bureau has opportunities to improve how it develops and implements renewable energy policies and monitors right-of-way requirements.

At the time of our review, BLM had 29 of 31 authorized wind projects in operation and 5 of 9 authorized solar projects under construction. Based on the number of wind-testing projects and wind and solar applications, wind projects may quadruple and solar projects may increase tenfold in the near future.

BLM has taken aggressive action to increase its capacity to process renewable energy grants for rights-of-way. BLM's focus on increasing the number of renewable energy projects, however, underscores the need to focus on key requirements in its management of these projects.



Wind turbine farm near Palm Springs, CA.

These include obligations to protect the Government's financial interests by timely and accurately collecting rental revenues and managing the bonding process, and to protect the country's natural resources by monitoring and enforcing grant requirements. Wind and solar projects can cover thousands of acres and therefore have the potential for biological, cultural, historical, paleontological, archaeological, and visual resource degradation.

OIG found that although BLM issued guidance on wind rental payments and wind bonding requirements, it did not establish a process to ensure timely implementation of the guidance. This resulted in a loss of \$1.2 million in rental revenues on 22 wind projects from calendar years 2009 through 2011 and insufficient bonding by \$8.5 million on 14 wind projects. In addition, BLM has not developed and implemented Bureauwide guidance on monitoring and inspecting wind and solar projects or for enforcing compliance with right-of-way requirements. OIG also found that BLM could potentially generate millions of dollars in additional revenues if it used a competitive award process.

With the projected increase in wind and solar projects on Government lands, BLM has opportunities to improve its immediate and long-term management of the renewable energy program, focusing on accurately collecting rental revenues, managing the bonding process, monitoring and ensuring compliance with right-of-way requirements, and generating additional revenues by using a competitive award process for wind and solar rights-of-way.

Office of Investigations

Two Tribal Committee Members Sentenced for Theft, False Statements

On June 26, 2012, Susie Harge and Amy Fixico, two former chairpersons for the Indian Education Committee of the Seminole Native American Education Corporation, were sentenced in the U.S. District Court for the Eastern District of Oklahoma to 3 years of probation, \$22,299.37 in restitution, and a \$100 special assessment. Harge and Fixico both submitted invoices falsely certifying expenditures exceeding \$5,000 funded through a Government contract from 2006 through 2009. The Government contract provides services for the Seminole Public Schools in Seminole, OK. In December 2011, Harge pled guilty to theft concerning programs receiving Federal funds. In January 2012, Fixico pled guilty to making false statements.

Eleventh Person Convicted in Fraud Scheme at Fort Peck Credit Program

OIG initiated an investigation in July 2009 of allegations of improper disbursements by Federal and tribal employees of the Fort Peck Credit Program. The investigation revealed that all six employees of the credit program routinely issued themselves, and their family members, unauthorized disbursements that they were not entitled to receive from credit program bank accounts. The employees also confessed to intentionally altering credit program records in September 2007 to conceal the fraud scheme from a Federal review team.

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

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

OIG expanded the investigation to identify other individuals who assisted in the massive fraud scheme, including former BIA Agency Superintendent Florence White Eagle, who in November 2011 was sentenced to a 51-month prison term to be followed by 36 months of supervised probation and was ordered to pay \$3,810.42 in restitution, as well as a \$600 special assessment. She has since filed a notice of appeal with the Ninth Circuit Court of Appeals.

On February 16, 2012, a Federal grand jury in Billings, MT, indicted Ashleigh Marie Greybull for her role in the theft of tribal funds from the credit program. She was also charged with submitting a false statement to obtain Federal financial aid from the U.S. Department of Education to attend Montana State University. Greybull was also charged with providing false statements to OIG investigators. In May 2012, Greybull pled guilty to theft of tribal funds and was sentenced in August to 18 months in prison, 3 years of supervised probation after release from prison, and a \$100 special assessment. In September, she was ordered to pay restitution in the amount of \$37,713. She has also filed a notice of appeal with the Ninth Circuit Court of Appeals.

Overall, 11 people have been convicted for their roles in the credit program fraud scheme. The U.S. District Court for the District of Montana imposed prison sentences of 296 months and restitution in the amount of \$870,016 against these individuals.



Oil-drilling rig in the Gulf of Mexico.

Former Rig Manager Sentenced for Lying to Federal Agents

On April 5, 2012, Donald Hudson, a former rig manager employed by Helmerich & Payne, Inc., pled guilty to one felony count of making a false statement in the U.S. District Court for the Eastern District of Louisiana.

Hudson lied to an OIG Federal agent, denying he instructed his employees to falsify blowout preventer tests conducted aboard a drilling rig operating in the outer continental shelf and within waters regulated by the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement. Hudson later admitted that he instructed his employees to falsify blowout preventer tests to save the rig downtime and operating costs associated with repairing leaking valves on the choke manifold, which is used to pressure test the blowout preventer system. This system is the primary safety device used to maintain well control and ultimately protect personnel aboard the rig and the environment from unanticipated pressure spikes within the well bore.

On August 8, 2012, Hudson was sentenced to 2 years of probation and 120 hours of community service.

Louis Dreyfus Energy Services Pays \$4 Million Settlement

Louis Dreyfus Energy Services (LDES) paid the United States \$4,084,000 on June 26, 2012, to settle allegations that it violated the False Claims Act by failing to pay money owed on natural gas acquired from DOI through the royalty-in-kind program.

The settlement agreement resolved contentions by the United States that from December 2004 to March 2008, LDES made false claims or misleading statements to DOI involving contracts to buy natural gas produced from Federal oil and gas leases in the Gulf of Mexico. Starting in 2004, LDES agreed to pay DOI for natural gas based on a price associated with the delivery of the gas at a fixed point along a natural gas pipeline. After execution of its contracts with DOI, LDES requested and received a discount in price for the natural gas obtained under the contracts. The United States contends that this price discount applied only when there was a complete or near-complete constraint in the natural gas pipeline such that LDES was unable to transport natural gas along the pipeline. LDES, however, claimed and obtained the price discounts even when it was able to ship natural gas along the pipeline.

The investigation and settlement of this matter were jointly handled by the U.S. Attorney for the District of Colorado; the Justice Department's Civil Division; DOI's Office of Natural Resources Revenue and Office of the Solicitor; and OIG's Energy Investigations Unit. The claims settled by this agreement were allegations only, and no determination of liability has been made.

Fraudulent Oil Lease Investment Scheme Obtains Almost \$700,000

OIG investigated information provided by Bureau of Indian Affairs (BIA) Fort Peck Agency personnel alleging that Mike Heretel of Domestic Energy Solutions engaged in a fraudulent oil lease investment scheme on the Fort Peck Indian Reservation.

BIA provided OIG a March 7, 2011 letter from Heretel to an investor in which Heretel purported that a \$4,000 investment entitled the investor to 0.5 percent ownership in Domestic Energy Solutions and income generated from three specific oil leases on the reservation. Fort Peck personnel confirmed that Heretel did not own the oil leases referenced in the letter.

The investigation, conducted with the FBI, determined that the name Mike Heretel was used as an alias by Mike Alfons Campa. OIG determined that Campa and Suzette Gal, under the company name Domestic Energy Solutions, had obtained three oil and gas leases on the Fort Peck Indian Reservation in September 2006. BIA later canceled these leases due to Campa and Gal's failure to pay the requisite fees associated with the leases.

OIG also determined that from October 2, 2009, through May 25, 2012, Campa and Steven William Carpenter, under the company names of Domestic Energy Solutions and U.S. Oil and Gas, LLC, obtained \$673,406 from investors in connection with their fraudulent oil and gas leases on the Fort Peck Indian Reservation.

On September 5, 2012, a Federal grand jury in the U.S. District Court for the District of Montana indicted Campa; Carpenter; Gal; brothers Andras Zoltan Gal and Krisztian Zoltan George Gal, who engaged in the creation, care, custody of, and control over the bank accounts in which the investor funds were deposited; and Dana Yvonne Kent, who was involved in soliciting investor funds. The indictment charged each defendant with one count of conspiracy, one count of mail fraud, and one count of wire fraud. The defendants' trial is scheduled for February 12, 2013.

Former NPS Employee Sentenced to Prison Term and Must Pay Restitution

OIG investigated Lydia White, a National Park Service (NPS) administrative technician at Great Sand Dunes National Park and Preserve (GRSA) in Mosca, CO, after receiving information that White had issued third party drafts (TPDs) payable to her husband, Richard White, totaling more than \$731,000.

The investigation, conducted jointly with NPS and the Internal Revenue Service Criminal Investigation Division, determined that from January 2007 through January 2011, White embezzled \$738,471 by issuing TPDs payable to her husband and used her Government-issued charge card to make personal purchases.

On October 5, 2011, a grand jury in the U.S. District Court for the District of Colorado indicted White on 145 counts of theft of Government property and 53 counts of money laundering. On May 4, 2012, White entered into a plea agreement with the U.S. Attorney's Office in which she pled guilty to counts 1 and 150 of the indictment, for theft of Government property and money laundering, respectively.

On September 21, 2012, White was sentenced to 33 months in prison for both counts, to be served concurrently. White was also ordered to pay restitution in the amount of \$738,471, and once released from prison, White will serve 3 years of supervised release.

BIE Employee Engaged in Unauthorized Rental Contracts

An OIG investigation determined that, for the past 10 years, a Bureau of Indian Education (BIE) employee has violated the Miscellaneous Receipts Statute codified in Title 31 U.S.C. § 3302(b) by his failure to deposit Federal funds into the U.S. Treasury. The employee maintained custody and control over a bank account at the Native American Bank into which he had deposited Federal funds generated from the rental of a BIE dormitory and vending machines operated on Government-owned property.

The employee also created a rental agreement form to rent the dormitory to third-party organizations during the summer months when school was out of session. The employee was not a warranted contracting officer and did not have the authority to engage in rental contracts on behalf of the U.S. Government. He also authorized some of the funds generated from the rental of the dormitory to be paid directly to the tribe to compensate for the extra cleaning and maintenance of the dormitory created by the rental of the building. These payments constituted an unauthorized supplement to an operations and maintenance contract between BIE and the tribe.

OIG referred its findings to BIE on September 14, 2012, for any administrative actions deemed appropriate.

Former Council President Sentenced for Misapplication of Funds

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

OIG investigators found that Charles intentionally misapplied \$24,887 in Federal funds from the Council, both during his tenure as Council president and after he left the Council for a position as the chief administrative officer with the Tanana Chiefs Conference, an organization that receives and administers BIA funds annually. OIG also determined that Charles had borrowed more than \$13,000 in payroll advances from the Council and left with an outstanding balance of \$3,990.

On February 1, 2012, Charles pled guilty in the U.S. District Court for the District of Alaska to one count of misapplication of funds from an organization receiving Federal funds, agreeing to serve 3 years of probation and to pay \$28,877 in restitution, in addition to a \$1,000 fine and a \$100 special assessment. He has also resigned from his position with the Tanana Chiefs Conference. Charles was sentenced in Fairbanks, AK, on April 20, 2012, and paid restitution in the full amount.

Former FWS Purchasing Agent Agreed To Pay Full Restitution

A purchasing agent for the U.S. Fish and Wildlife Service (FWS) at the Sonny Bono Salton Sea National Wildlife Refuge in Calipatria, CA, made \$30,122 in fraudulent purchases with her Government charge card between December 2008 and May 2011. She voluntarily provided a written statement admitting to misusing her Government charge card, and FWS terminated her employment in September 2011. On March 7, 2012, the purchasing agent was charged in the Southern District of California with theft of Government property.

On April 24, 2012, she pled guilty to one count of theft of Government property. Her sentencing hearing is scheduled for October 29, 2012.

Former BIA Employee Pled Guilty to Possession of Child Pornography

OIG and U.S. Immigration and Customs Enforcement initiated a joint investigation in January 2010 after OIG was notified of email correspondence involving Bureau of Indian Affairs (BIA) employee Jasper Blair that contained an image of child pornography. BIA subsequently terminated Blair's employment. Blair was indicted on one count of receipt of child pornography.

On September 26, 2011, Blair appeared before the Magistrate Court in the District of Oregon where he pled not guilty to receipt of child pornography. On May 31, 2012, he changed his plea to guilty of one count of possession of child pornography.

Ineligible Company Conspired To Obtain Federal Set-Aside Contracts

OIG initiated an investigation into fraudulently obtained Federal set-aside contracts through the Small Business Administration (SBA) HUBZone program after receiving a referral from the Government Accountability Office and the Recovery Accountability and Transparency Board. Two roofing companies, Construction Service Corporation (CSC) and McDonald Roofing and Construction (MRC), were used as pass-through companies to obtain Federal contracts that a

third company, Quality Tile Roofing (QTR), then performed or subcontracted.

Between 2005 and 2010, CSC, MRC, and various other related partnerships and joint ventures were awarded more than 21 Government contracts with award amounts totaling more than \$21 million. Twelve of those contracts were awarded through various DOI agencies. CSC was awarded three DOI HUBZone set-aside contracts. MRC was awarded one DOI HUBZone set-aside contract.

OIG determined that, as part of a self-certification process, CSC and MRC made false statements regarding their business operations, ownership, and control to qualify for the SBA HUBZone program and obtain set-aside Government contracts that QTR would have been otherwise ineligible to receive. The investigation also revealed that QTR, or other companies subcontracted by QTR, performed the majority of the work.

On March 15, 2012, in the U.S. District Court for the District of Idaho, MRC was arraigned on and pled guilty to one count of wire fraud. On July 16, 2012, MRC received a sentence of 3 years of organizational probation, had a \$400 special assessment imposed, and was fined \$5,000.

On March 28, 2012, CSC was arraigned on and pled guilty to one count of wire fraud and one count of false statements. On June 6, 2012, CSC received a sentence of 3 years of organizational probation on each count, to run concurrently, and was fined \$65,000 and assessed an \$800 fee.

On February 14, 2012, the owner of QTR, Patrick Large, was indicted on charges of wire fraud, mail fraud, false statements, and money laundering by a Federal grand jury in the U.S. District Court for the District of Idaho. On September 18, 2012, Large pled guilty to one count of wire fraud and consented to a \$150,000 forfeiture. Large's sentencing hearing is scheduled for January 8, 2013.

Bonding Company Owner Indicted

On July 26, 2012, Morris Sears, the owner of a surety bonding company located in Mobile, AL, was indicted by a Federal grand jury in the U.S. District Court for the Southern District of Alabama on nine criminal counts. The indictment stemmed from an OIG investigation, conducted jointly with the U.S. Department of Justice, into the administration of construction contracts. The indictment alleges that Sears falsified documents related to land that was pledged for numerous construction bonds. Three of the counts involve National Park Service contracts.

Appendices



Investigations Statistical Highlights

April 1, 2012 - September 30, 2012

Investigative Activities

Cases Closed.....	253
Cases Opened.....	241
Hotline Complaints/Inquiries Received.....	113

Criminal Investigation Outcomes

Indictments/Informations.....	12
Convictions.....	7
Sentencings.....	14
Jail.....	124 mos.
Probation.....	456 mos.
Criminal Penalties.....	\$1,304,960
Criminal Matters Referred for Prosecution.....	9
Criminal Matters Declined This Period.....	4

Civil Prosecution Outcomes

Civil Referrals.....	4
Civil Declinations.....	2
Civil Settlements.....	\$4,084,000

Administrative Investigation Outcomes

Suspensions.....	6 (123 days)
Resignations/Retirements.....	3
Reprimands/Counseling.....	10
Reassignments/Transfers.....	2
General Policy Actions.....	7
Procurement and Non-Procurement Exclusions	
Suspensions.....	3
Debarments.....	10
Bureau Non-Responsive*.....	3
(2 FWS, 1 NPS)	

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

Statistical Highlights

Audit and Evaluation Activities

Reports Issued.....	31
Performance Audits, Financial Audits, Evaluations, Inspections, and Verifications.....	25
Contract and Grant Audits.....	5
Single Audit Quality Control Reviews.....	1

Audit and Evaluation Impacts

Total Monetary Impacts.....	\$1,034,249
Questioned Costs (includes unsupported costs).....	\$1,034,249
Recommendations That Funds Be Put to Better Use.....	\$0
Audit and Evaluation Recommendations Made.....	99
Audit and Evaluation Recommendations Closed.....	142

Reports Issued During the 6-Month Reporting Period

This listing includes all audit, inspection, and evaluation reports issued during the 6-month period that ended September 30, 2012. It provides the report number, title, issue date, and monetary amounts identified in each report (* Funds Be Put to Better Use, ** Questioned Costs, and *** Unsupported Costs).

Audits, Evaluations, and Verifications

Bureau of Land Management

CR-EV-BLM-0004-2010

Final Evaluation Report – Bureau of Land Management’s Renewable Energy Program: A Critical Point in Renewable Energy Development (06/12/2012)

C-VS-BLM-0004-2012

Verification Review of Recommendations for the Flash Report, “Public Safety Issues at the Saginaw Hill Property, Bureau of Land Management (Report No. C-IN-BLM-0013-2005)” (09/14/2012)

ER-IS-BLM-0003-2012

Inspection – Bureau of Land Management: Meadowood Equestrian Facility (09/27/2012)

VI-VS-BLM-0004-2012

Verification Review – Results of Recommendations for September 2007 Flash Report, “Environmental, Health and Safety Issues at Rand Mining District, CA, Bureau of Land Management (C-IN-BLM-0012-2007)” (09/27/2012)

Indian Affairs

WR-EV-BIA-0005-2011

Final Evaluation Report – Bureau of Indian Affairs’ Law Enforcement Recruitment Services Contract with the National Native American Law Enforcement Association (05/09/2012)

ER-VS-BIA-0001-2012

Verification Review of Recommendations from our Final Report, “Evaluation of BIA’s Process to Approve Tribal Gaming Revenue Allocation Plans” (Report No. E-EV-BIA-0071-2002), June 2003 (06/18/2012)

WR-VS-BIA-0005-2012

Verification Review of Recommendations from our February 2009 Flash Report, “BIA Alaska Regional Indian Reservation Roads Program Rife with Mismanagement and Lacking Program Oversight” (Report No. WR-IV-BIA-0001-2009) (07/16/2012)

WR-EV-BIA-0009-2012

Advisory – Indian Land Consolidation: Probate and Estate Planning Activities (08/16/2012)

Q-VS-BIA-0001-2012

Verification Review of Recommendations for the Inspection Report, “Inspection of the Implementation of the Motor Vehicle Operation Policy, Bureau of Indian Affairs (Report No. NM-IS-BIA-0002-2008)” (08/24/2012)

CR-EV-BIA-0001-2011

Final Evaluation Report – Oil and Gas Leasing in Indian Country: An Opportunity for Economic Development (09/24/2012)

Insular Area Reports

VI-IS-VIS-0002-2012

Evaluation – Verification of Watch Quota and Jewelry Quota Data for Calendar Year 2011 Submitted by Firms Located in the U.S. Virgin Islands (04/18/2012)

HI-EV-GUA-0001-2011

Final Report – Evaluation of Guam Power Authority (08/09/2012)

VI-EV-VIS-0002-2011

Final Evaluation Report – Juan F. Luis Hospital and Medical Center (09/19/2012)

Multi-Office Assignments

ER-EV-MOA-0002-2011

Final Evaluation Report – Bureau of Land Management and Bureau of Indian Affairs Bridge Safety Programs (04/12/2012)

WR-VS-MOA-0010-2012

Verification Review of Recommendations of our January 2007 Audit Report, “Proper Use of Cooperative Agreements Could Improve Interior’s Initiatives for Collaborative Partnerships” (Report No. W-IN-MOA-0086-2004) (07/30/2012)

ER-VS-MOA-0004-2012

Verification Review of Recommendations for the Evaluation Report, “Interior Lacks Scientific Integrity Policy (WR-EV-MOA-0014-2009)” (09/19/2012)

X-IN-MOA-0004-2012

Independent Accountants’ Report on Applying Agreed-Upon Procedures for the U.S. Department of the Interior, U.S. Department of Education, U.S. Department of Transportation, National Aeronautics and Space Administration, National Science Foundation, and Social Security Administration (09/24/2012)

C-IN-MOA-0013-2010

Final Audit Report – Management of Rights-of-Way in the U.S. Department of the Interior (09/27/2012)

National Park Service

WR-VS-NPS-0011-2012

Verification Review of Recommendations of our March 2006 Audit Report, “Hawaii Volcanoes National Park: Improved Operations Should Enhance Stewardship and Visitor Experience” (Report No. P-IN-NPS-0074-2004) (09/10/2012)

Office of Insular Affairs

HI-EV-OIA-0001-2012

Final Report – Evaluation of Guam Power Authority (08/09/2012)

VI-IN-OIA-0005-2012

Final Evaluation Report – Juan F. Luis Hospital and Medical Center (09/19/2012)

Office of Natural Resources Revenue

CR-MA-ONRR-0003-2012

Management Advisory – Civil Penalty Sharing Provisions of 30 U.S.C. § 1736 for Federal Oil and Gas Leases (05/01/2012)

CR-VS-ONRR-0005-2012

Verification Review of Recommendations from our May 25, 2012, “Final Audit Report: Minerals Management Service: Royalty-In-Kind Program’s Oil Volume Verification Process (Report No. C-IN-MMS-0007-2008)” (08/08/2012)

Office of the Secretary – NBC

ER-IN-NBC-0001-2011

DoD’s FY 2010 Purchases Made Through the Department of the Interior (04/13/2012)

U.S. Fish and Wildlife Service

WR-VS-FWS-0007-2012

Verification Review of Recommendations of our June 2011 Evaluation Report, “U.S. Fish and Wildlife Service Grants and Cooperative Agreements in Hawaii and the Pacific Islands” (Report No. HI-EV-FWS-0001-2009) (08/24/2012)

Contract and Grant Audits

U.S. Fish and Wildlife Service

R-GR-FWS-0006-2012

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Florida, Fish and Wildlife Conservation Commission, From July 1, 2009, Through June 30, 2011 (05/18/2012)
\$117,169 *\$20,570

R-GR-FWS-0005-2012

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Mississippi, Department of Wildlife, Fisheries, and Parks, From July 1, 2009, Through June 30, 2011 (05/22/2012)
\$23,054 *\$10,602

R-GR-FWS-0003-2012

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of New Jersey, Department of Environmental Protection, Division of Fish and Wildlife, From July 1, 2009, Through June 30, 2011 (06/22/2012) **\$6,028

R-GR-FWS-0004-2012

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of California, Department of Fish and Game, From July 1, 2009, Through June 30, 2011 (06/26/2012) **\$82,485 ***\$768,852

R-GR-FWS-0007-2012

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Mississippi, Department of Marine Resources, From July 1, 2009, Through June 30, 2011 (08/09/2012) **\$5,489

Single Audit Quality Control Reviews

Multi-Office Assignments

B-QC-MOA-0002-2012

Quality Control Review of the State of Yap Audit for Fiscal Year Ending September 30, 2012 (07/30/2012)

Monetary Resolution Activities

Table 1: Inspector General Reports With Questioned Costs*

	Number of Reports	Questioned Costs*	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period.	10	\$16,834,530	\$14,846,331
B. Which were issued during the reporting period.	5	\$1,034,249	\$800,024
Total (A+B)	15	\$17,868,779	\$15,646,355
C. For which a management decision was made during the reporting period.	13	\$17,352,325	\$15,445,390
(i) Dollar value of recommendations that were agreed to by management.		\$15,203,093	\$13,297,997
(ii) Dollar value of recommendations that were not agreed to by management.		\$2,149,232	\$2,147,393
D. For which no management decision had been made by the end of the reporting period.	2	\$516,454	\$200,965

*Note: Does not include non-Federal funds.

Monetary Resolution Activities

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

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

*Note: Does not include non-Federal funds.

Summary of Reports Over 6 Months Old Pending Management Decision

This listing includes a summary of audit, inspection, and evaluation reports that were more than 6 months old on September 30, 2012, and still pending a management decision. It provides report number, title, issue date, and number of unresolved recommendations.

Audits, Evaluations, and Verifications

Bureau of Ocean Energy Management

CR-EV-MMS-0015-2010

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

Indian Affairs

WR-EV-BIA-0001-2011

Advisory – Indian Land Consolidation: Mass Appraisals of Indian Lands (06/13/2011); 1 Recommendation

Insular Area Reports

P-EV-FSM-0001-2007

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

VI-EV-VIS-0002-2009

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

VI-IN-VIS-0001-2010

Audit Report – Administrative Functions – Legislature of the Virgin Islands (11/28/2011); 1 Recommendation

VI-IN-VIS-0003-2009

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

VI-IS-VIS-0004-2009

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

Office of the Secretary

WR-EV-OSS-0005-2008

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

U.S. Fish and Wildlife Service

C-IS-FWS-0017-2010

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

WR-EV-FWS-0003-2011

Evaluation Report – U.S. Fish and Wildlife Service Conservation Easement Monitoring and Enforcement (01/09/2012); 2 Recommendations

Contract and Grant Audits

Insular Area Reports

P-GR-NMI-0003-2005

Evaluation of Saipan Public Health Facility Project: Oversight of Capital Improvement Projects, Commonwealth of the Northern Mariana Islands (06/08/2007); 1 Recommendation

U.S. Fish and Wildlife Service

R-GR-FWS-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-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

Summary of Reports Over 6 Months Old Pending Corrective Action

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

Bureau of Land Management

CR-EV-BLM-0002-2009

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

CR-EV-BLM-0001-2009

Evaluation Report of the Bureau of Land Management's Oil and Gas Inspection and Enforcement Program (12/02/2010); 5 Recommendations

C-IS-BLM-0018-2010

Bureau of Land Management Wild Horse and Burro Program (12/13/2010); 3 Recommendations

Bureau of Ocean Energy Management

CR-EV-MMS-0015-2010

A New Horizon: Looking to the Future of the Bureau of Ocean Energy Management, Regulation and Enforcement (12/07/2010); 24 Recommendations

Indian Affairs

WR-EV-BIA-0002-2010

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

WR-EV-BIA-0001-2011

Advisory – Indian Land Consolidation: Mass Appraisals of Indian Lands (06/13/2011); 1 Recommendation

ER-IN-BIA-0016-2009

Final Audit Report – Bureau of Indian Affairs: Wildland Fire Suppression (07/13/2011); 4 Recommendations

ER-IS-BIA-0010-2011

Inspection – U.S. Department of the Interior Program Startup Inspection: Bureau of Indian Affairs Youth Initiative Program (11/10/2011); 2 Recommendations

Insular Area Reports

V-IN-VIS-0004-2005

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

P-EV-FSM-0001-2007

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

V-IN-VIS-0011-2006

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

V-IN-VIS-0001-2007

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

P-EV-GUA-0002-2008

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

V-IN-VIS-0003-2007

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

VI-IS-VIS-0002-2008

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

VI-IN-VIS-0003-2009

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

VI-EV-VIS-0002-2010

Evaluation Report – Administrative Functions of the Virgin Islands Government Employees Retirement System (09/27/2011); 6 Recommendations

VI-IN-VIS-0001-2010

Audit Report – Administrative Functions – Legislature of the Virgin Islands (11/28/2011); 10 Recommendations

Multi-Office Assignments**2002-I-0045**

Recreational Fee Demonstration Program – National Park Service and Bureau of Land Management (08/19/2002); 1 Recommendation

E-EV-MOA-0008-2004

Department of the Interior Workers' Compensation Program (05/09/2005); 1 Recommendation

C-IN-MOA-0049-2004

Department of the Interior Concessions Management (06/13/2005); 1 Recommendation

C-IN-MOA-0007-2005

U.S. Department of the Interior Radio Communications Program (01/30/2007); 5 Recommendations

C-IN-MOA-0004-2007

Abandoned Mine Lands in the Department of the Interior (07/24/2008); 2 Recommendations

X-IN-MOA-0011-2008

Independent Auditors' Report on the Department of the Interior Financial Statements for Fiscal Years 2008 and 2007 (11/15/2008); 3 Recommendations

C-EV-MOA-0009-2008

Evaluation Report on Oil and Gas Production on Federal Leases: No Simple Answer (02/27/2009); 1 Recommendation

WR-EV-MOI-0008-2008

Employee Relocation, U.S. Department of the Interior (09/21/2009); 3 Recommendations

C-IN-MOA-0010-2008

Audit Report – Department of the Interior Museum Collections: Accountability and Preservation (12/16/2009); 9 Recommendations

CR-IS-MOA-0004-2009

Inspection Report – BLM and MMS Beneficial Use Deductions (03/08/2010); 4 Recommendations

C-EV-MOA-0004-2009

Evaluation Report – Geothermal Royalties (03/09/2010); 1 Recommendation

C-IN-MOA-0001-2009

Final Audit Report – Department of the Interior’s Management of Land Boundaries (07/16/2010); 3 Recommendations

ER-EV-MOA-0012-2009

Wildland Urban Interface: Community Assistance (07/30/2010); 3 Recommendations

C-EV-MOA-0010-2010

Final Evaluation Report – Portable Nuclear Gauges (09/28/2011); 1 Recommendation

X-IN-MOA-0006-2011

Independent Auditors’ Report on the U.S. Department of the Interior Financial Statements for Fiscal Years 2011 and 2010 (11/15/2011); 1 Recommendation

WR-EV-MOA-0004-2010

Final Evaluation Report – U.S. Department of the Interior’s Video Teleconferencing Usage (12/20/2011); 5 Recommendations

National Park Service

C-IN-NPS-0013-2004

The National Park Service's Recording of Facility Maintenance Expenditures (01/26/2005); 2 Recommendations

HI-EV-NPS-0001-2010

Evaluation – National Park Service: Climate Friendly Parks Initiative (08/12/2011); 3 Recommendations

ER-IS-NPS-0014-2011

Inspection – National Park Service Visitor Donation Boxes (03/08/2012); 3 Recommendations

Office of Surface Mining

ER-IS-OSM-0011-2011

Inspection – U.S. Department of the Interior Program Startup Inspection: Office of Surface Mining Appalachian Regional Reforestation Initiative (11/10/2011); 1 Recommendation

Office of the Secretary

WR-EV-OSS-0012-2009

Evaluation Report on the Department of the Interior's Appraisal Operations (12/23/2009); 1 Recommendation

Office of the Secretary – NBC

ER-IS-NBC-0003-2011

Inspection – Acquisition Service Directorate – Sierra Vista Organization (07/14/2011); 2 Recommendations

U.S. Bureau of Reclamation

C-IS-BOR-0006-2010

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

WR-FL-BOR-0007-2010

Follow-up – Bureau of Reclamation’s Management of Exclusive Use Recreation Areas (02/24/2011); 3 Recommendations

WR-EV-BOR-0007-2011

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Cross-References to the Inspector General Act

		Page
Section 4(a)(2)	Review of Legislation and Regulations	N/A*
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	5-21
Section 5(a)(2)	Recommendations for Corrective Action With Respect to Significant Problems, Abuses, and Deficiencies	32-40
Section 5(a)(3)	Significant Recommendations From Agency's Previous Reports on Which Corrective Action Has Not Been Completed	35-40
Section 5(a)(4)	Matters Referred to Prosecutive Authorities and Resulting Convictions	23
Section 5(a)(5)	Matters Reported to the Head of the Agency	N/A
Section 5(a)(6)	Audit Reports Issued During the Reporting Period	25-29
Section 5(a)(7)	Summary of Significant Reports	5-21
Section 5(a)(8)	Statistical Table: Questioned Costs	30
Section 5(a)(9)	Statistical Table: Recommendations That Funds Be Put to Better Use	31
Section 5(a)(10)	Summary of Audit Reports Issued Before the Commencement of the Reporting Period for Which No Management Decision Has Been Made	32-34
Section 5(a)(11)	Significant Revised Management Decisions Made During the Reporting Period	N/A
Section 5(a)(12)	Significant Management Decisions With Which the Inspector General is in Disagreement	N/A
Section 5(a)(13)	Information Described Under Section 804(b) of the Federal Financial Management Improvement Act of 1996	N/A

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



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