



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

**Recommendations
for the Evaluation Report
Titled *Bureau of Indian Affairs'
Southern Ute Agency's
Management of the Southern Ute
Indian Tribe's Energy
Resources*
(CR-EV-BIA-0011-2014)**



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Memorandum

SEP 21 2020

To: Tonya Johnson
Deputy Chief Financial Officer and Director, Office of Financial Management

From: Amy R. Billings *Amy R Billings*
Central Region Manager for Audits, Inspections, and Evaluations

Subject: Verification Review – Recommendations for the Evaluation Report Titled
*Bureau of Indian Affairs' Southern Ute Agency's Management of the
Southern Ute Indian Tribe's Energy Resources* (CR-EV-BIA-0011-2014)
Report No. 2020-CR-025

The Office of Inspector General has completed a verification review of seven recommendations presented in the subject report. The objective of this review was to determine whether the Bureau of Indian Affairs' (BIA's) Southern Ute Agency implemented the recommendations as reported to the Office of Financial Management (PFM), Office of Policy, Management and Budget. The PFM reported to us that it closed the recommendations. We concur that the recommendations have been resolved and implemented.

Background

Our February 9, 2016 evaluation report, *Bureau of Indian Affairs' Southern Ute Agency's Management of the Southern Ute Indian Tribe's Energy Resources*, made seven recommendations designed to improve the effectiveness of the Agency's oversight of the Southern Ute Indian Tribe's energy resources. The Acting Director of the BIA concurred with our recommendations in a memorandum dated January 6, 2016 and detailed how the Agency would address each recommendation. In a February 12, 2016 memorandum, we referred the seven recommendations to the Director of the PFM to track their implementation.

Scope and Methodology

The scope of this review was limited to determining whether the Agency implemented the seven recommendations. To accomplish our objective, we reviewed the supporting documentation the Agency provided to the PFM. We also collected and reviewed additional supporting documentation from the Agency. We did not test internal controls, perform site visits, or conduct fieldwork to determine whether the underlying deficiencies that we initially identified have been corrected. As a result, this review was not conducted in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States, or *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.

Results of Review

We found that the Agency has implemented all seven recommendations.

Recommendation 1: We recommend that the BIA enter into a memorandum of understanding (MOU) or another type of formal agreement with the Tribe that would better define the Tribe's role in performing work to support the BIA's review and approval of the Tribe's mineral leasing activities.

Actions Taken: The Agency entered into an MOU with the Tribe in January 2017 to better define the Tribe's and the BIA's roles in performing the review and approval of energy-related functions.

Recommendation 2: We recommend that the BIA provide oil and gas leasing training for staff and consider accepting tribal offers for energy-specific training.

Actions Taken: The BIA provided multiple energy-related training sessions, including training with modules specific to oil and gas leasing. Additionally, the Agency has attended energy-related training sessions with the Tribe's staff and has contacted the Tribe and other relevant organizations to ask about any offerings of other energy-specific training.

Recommendation 3: We recommend that the BIA collaborate with other tribal agencies for energy-specific expertise, training, and staffing for energy-related functions.

Actions Taken: The Agency collaborated with the Tribe and Federal agencies to secure energy-specific expertise and staffing for energy-related functions. Specifically, the Agency secured support staff for energy-related tasks from the Tribe, the BIA's Southwest Region, and the Indian Energy Support Center. Additionally, the Agency contacted the Uintah and Ouray Agency and the Indian Affairs' Minerals and Energy office to ask about any offerings of energy-specific training.

Recommendation 4: We recommend that the BIA actively recruit qualified energy staff by seeking authority to consider all incentives and hiring flexibilities such as recruitment bonuses, retention bonuses, relocation incentives, and special pay provisions.

Actions Taken: The Agency recruited extensively for the realty specialist position in fiscal years 2016 and 2017. The position description was amended to include responsibilities for realty processes related to oil and gas lease activity, Indian mineral development agreements, tribal energy resources agreements, and rights-of-way for oil and gas pipelines. In several of the job announcements for the realty specialist position, the Agency included incentives and hiring flexibilities such as recruitment bonuses, relocation incentives, and special pay provisions.

Recommendation 5: We recommend that the BIA develop and implement official, comprehensive, internal Agency policies and procedures that govern, guide, and regulate energy activities.

Action Taken: The Agency has provided its staff the *BIA Fluid Mineral Estate Handbook*, which identifies authorities and policies for the management of fluid minerals and establishes comprehensive procedures for the management of fluid minerals estate. Additionally, the Agency has directed its staff to use several operating procedures in the management of energy resources on the Tribe's lands. These include procedures for:

- Processing applications for permit to drill
- Processing authorizations for: drilling oil and gas wells, right of way easements, and surface leases for energy development projects
- Conducting onsite visits for energy-related projects
- Processing communitization agreements
- Encoding and recording all energy-related activities into the Trust Asset and Accounting Management System

Recommendation 6: We recommend that the BIA ensure that the corrective action plan is actively managed by the responsible official to meet the established milestones.

(Note: The corrective action plan cited in this recommendation was issued in September 2014 by the Office of Trust Review and Audit and identified remedies to significant records management deficiencies.)

Actions Taken: The Agency's superintendent took corrective action to address records management deficiencies. These actions were taken during our fieldwork for our evaluation report (fiscal years 2014 and 2015) and addressed findings from a January 2014 OIG report titled *Records Management at Selected Bureau of Indian Affairs' Agency Office* (CR-IS-BIA-0001-2014). Specifically, the superintendent managed the development of a recordkeeping plan and standard operating procedures to ensure accuracy and completeness of trust and nontrust records. Additionally, the superintendent managed the development of safeguards to protect trust and nontrust records.

Recommendation 7: We recommend that the BIA actively monitor and report to the Division of Internal Evaluation and Assessment on progress of the corrective action plan.

Actions Taken: As identified in our review of Recommendation 6, we found that the Agency's superintendent monitored the progress of the corrective action plan. Indian Affairs emailed us on August 13, 2020, to tell us that the Agency had reported its

progress on the corrective action plan to the Division of Internal Evaluation and Assessment throughout fiscal years 2016 and 2017.

Conclusion

We conclude that all seven recommendations are resolved and implemented. We informed the BIA's Southern Ute Agency officials of the results of this review on August 25, 2020. If you have any questions about this verification review, please contact me at 303-236-9243.

cc: Andrea Brandon, Deputy Assistant Secretary Budget, Finance, Grants and Acquisition
Chadrick Minnifield, Chief, Internal Control and Audit Follow-Up, Office of Financial Management
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