




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

September 29, 2011

Memorandum

To: Rhea S. Suh, Assistant Secretary for Policy, Management and Budget
Robert V. Abbey, Director, Bureau of Land Management
Daniel M. Ashe, Director, U.S. Fish and Wildlife Service
Jonathan B. Jarvis, Director, National Park Service

From: Michael P. Colombo 
Regional Manager

Subject: Verification Review of 24 Recommendations from our September 2009 Report
"Evaluation of Department of the Interior Challenge Cost Share Programs"
(Report No. WR-EV-MOA-0004-2008)
Report No. WR-VS-MOA-0013-2011

The Office of Inspector General (OIG) has completed a verification review of 24 recommendations presented in the subject evaluation report. The objective of the review was to determine whether the recommendations were implemented as reported to the Office of Financial Management (PFM), Office of Policy, Management and Budget. Department of the Interior Guidance Release 2010-05 (Departmental Guidance), issued on September 17, 2010, provided a framework for implementing the recommendations. On September 20, 2010, PFM notified OIG that the three bureaus, the Bureau of Land Management (BLM), the U.S. Fish and Wildlife Service (FWS), and the National Park Service (NPS) had completed the actions required to close all 24 recommendations in the report.

Background

Our September 2009 report, "Evaluation of Department of the Interior Challenge Cost Share Programs" (Report No. WR-EV-MOA-0004-2008), made 24 recommendations to BLM, FWS, and NPS (eight recommendations to each bureau) to correct underlying programmatic deficiencies, which have prevented the Department from maximizing the partnership and leveraging potential of the Challenge Cost Share (CCS) Program (Program). The report identified that, in part, these deficiencies were a result of the metamorphosis of a constantly changing Program.

The Assistant Secretary, Policy, Management and Budget, responded on November 12, 2009, that they concurred with the recommendation that BLM, FWS, and NPS collaborate to develop and implement consistent policies and procedures for the Program that would accomplish the eight specific requirements contained in the report. The bureaus agreed to work

with the appropriate Departmental offices to develop and implement a Department-wide policy for the Program that would outline best practices for program operations and reporting. In addition, the bureaus would develop the appropriate internal controls consistent with the Departmental Guidance. As a result, we referred all 24 of the report's recommendations to PFM for implementation tracking on December 3, 2009.

Scope and Methodology

The scope of this review was limited to determining whether the Department and the bureaus took adequate actions to implement the reported recommendations. To accomplish our objective, we reviewed the supporting documentation that PFM used to close the recommendations. We also interviewed BLM, FWS, and NPS officials to gather additional information on the actions taken to implement the recommendations.

We did not perform any site visits or conduct any detailed fieldwork to determine whether the underlying deficiencies that were initially identified have actually been corrected. As a result, this review was not conducted in accordance with the "Government Auditing Standards" issued by the Comptroller General of the United States or the "Quality Standards for Inspections" issued by the Council of the Inspectors General on Integrity and Efficiency.

Results of Review

Our current review found that BLM has implemented Recommendation 1 through 8; FWS has implemented Recommendations 1 through 6, but has not implemented Recommendations 7 and 8; and NPS has implemented Recommendations 2, 4, 5, 6, and 7, but has not implemented Recommendations 1, 3, and 8. The status of the recommendations is summarized in Appendix 1.

Recommendation 1: Require CCS funding announcements be posted to Grants.gov.

Departmental Guidance established that all bureaus must follow existing policy, 505 DM 2, Procurement Contracts, Grant and Cooperative Agreements, thereby maintaining transparency consistent with the customer service mandates prescribed in Public Law 106-107.

Interviews with BLM and FWS officials, and a high level review of Grants.gov, substantiated that efforts have been made to implement Recommendation 1. As a result, we concluded that BLM and FWS have implemented Recommendation 1.

NPS, however, does not require that CCS funding announcements be posted on Grants.gov. According to the Departmental Manual (505 DM 2), in order to allow the public to view potential funding opportunities thereby maintaining transparency consistent with the customer service mandates prescribed in Public Law 106-107, synopses of all cooperative agreement and discretionary grant funding opportunities must be posted to Grants.gov. By not posting and reporting CCS funding announcements in Grants.gov, NPS limits the transparency of the Program and is not in compliance with existing policy. We concluded that NPS has not

implemented Recommendation 1 and that the recommendation should be reinstated and classified as not implemented.

Recommendation 2: Require bureaus to obtain partner commitment letters before submitting project proposals and enter into appropriate written agreements (cooperative agreement or contract) with each partner prior to the start of a CCS project.

Departmental Guidance established that the bureaus must require partners to submit a Commitment Document with the application package prior to starting a project. In addition, the guidance provides that if funds are to be transferred outside a bureau to a cooperator, a cooperative agreement or a contract must be used consistent with 505 DM 2 pertaining to appropriate instrument selection.

Interviews with each of the bureau officials confirmed that commitment letters are being obtained from partners prior to the start of a CCS project and that the appropriate cooperative agreement or contract is being utilized for CCS projects. FWS has reiterated this need during meetings with regional management, and NPS has outlined the criteria in its CCS Program Guidelines and Procedures.

The Departmental Guidance, which has been supported by the bureaus' actions, provides evidence that efforts are being made to implement Recommendation 2. As a result, we concluded that BLM, FWS, and NPS have implemented Recommendation 2.

Recommendation 3: Require CCS awards be reported in the Federal Assistance Award Data System, as applicable.

Departmental Guidance established that all bureaus must follow existing policy of 31 U.S.C. 6102, Money and Finance, pertaining to reporting awards in the Federal Assistance Award Data System (FAADS).

Interviews with BLM and FWS officials, and a high level review of FAADS, substantiated that the bureaus have made efforts to implement Recommendation 3. We therefore concluded that BLM and FWS have implemented Recommendation 3.

NPS, however, does not require reporting of awards in FAADS. By not reporting CCS agreements in FAADS, NPS limits the transparency of the Program and is not in compliance with existing policy. We concluded that NPS has not implemented Recommendation 3, and therefore, the recommendation should be reinstated and classified as not implemented.

Recommendation 4: Require partners to accurately track all project expenditures, including labor and volunteer hours and other in-kind contributions, and submit this information to the bureaus prior to reimbursement.

Departmental Guidance established that all bureaus must obtain a cooperator Certification Addendum (Certification) at the conclusion of a project. The Certification must be part of the CCS file and verifies cooperator volunteer hours, in-kind service, and other in-kind contributions.

While the Departmental Guidance does not elaborate that the information outlined in Recommendation 4 should be obtained “prior” to reimbursement, interviews with bureau officials confirmed that this practice is occurring and that the recommendation has been implemented. FWS officials have reiterated this need during meetings with regional management, and NPS has outlined the criteria in its CCS Program Guidelines and Procedures. BLM officials are confident that this information is required prior to reimbursement and, while a financial system is not in place to accommodate filing of this information, the manual logs which are maintained in project files are tracking this information.

The Departmental Guidance, which has been supported by the bureaus’ actions, provides evidence that efforts are being made to implement Recommendation 4. As a result, we concluded that BLM, FWS, and NPS have implemented Recommendation 4.

Recommendation 5: Require partners to submit a written statement at the conclusion of the project, certifying that all agreed-to tasks were performed and matching contributions provided.

Departmental Guidance established that all bureaus must obtain a Certification at the conclusion of a project. The Certification verifies cooperator volunteer hours, in-kind service, and other in-kind contributions.

Interviews with bureau officials confirmed that this recommendation has been implemented. NPS CCS guidance provides guidelines, while FWS officials have reiterated this requirement during meetings with regional management. BLM officials stated that an after action report also includes pictures and highlights of accomplishments.

The Departmental Guidance, which has been supported by the bureaus’ actions, provides evidence that efforts are being made to implement Recommendation 5. As a result, we concluded that BLM, FWS, and NPS have implemented Recommendation 5.

Recommendation 6: Require return of all unspent CCS funds for reallocation to other approved projects, including all unused funds at the completion of a project, at project period end, and from projects that did not go forward.

Departmental Guidance established that all unspent agency funds allocated to a CCS project must be returned to the reporting unit for reallocation to other approved projects including all unused funds at the end of a project and funds from projects that did not move forward.

Interviews with bureau officials confirmed that this recommendation has been implemented. BLM has developed a project code to track CCS funds to ensure that they remain allocated to CCS projects. BLM has also developed priority lists to ensure approved projects are ready for available funding if CCS funds are returned to the reporting unit. If CCS funds become available within NPS, the NPS CCS guidance provides that the funds should be allocated by the Regional Director or Associate Director to the next priority project that can be accomplished

with the available funds. FWS also stated that if CCS funds are not used, they would be deobligated and reallocated to another CCS project.

The Departmental Guidance, which has been supported by the bureaus' actions, provides evidence that efforts are being made to implement Recommendation 6. As a result, we concluded that BLM, FWS, and NPS have implemented Recommendation 6.

Recommendation 7: Require accurate reporting of CCS Program accomplishments, including the Federal to non-Federal matching ratio, to Congress.

Departmental Guidance, established that all bureaus must report CCS Program accomplishments, including the Federal to non-Federal matching ratio to Congress, as required.

Interviews with BLM and NPS bureau officials confirmed that they have taken action to implement this recommendation. NPS posts Program accomplishments on their CCS website, which is also available for reporting to Congress. BLM Program accomplishments are reported to Congress through a variety of avenues including an accomplishment report and budget justifications. As a result, we concluded that BLM and NPS have implemented Recommendation 7.

FWS, however, was not reporting contribution information at the time of the OIG evaluation, and could not provide evidence during this verification review to support that efforts have been taken to implement Recommendation 7. We concluded that FWS has not implemented Recommendation 7, and therefore, the recommendation should be reinstated and classified as not implemented.

Recommendation 8: Require periodic management control reviews be performed on the CCS Program to ensure that bureaus have complied with all existing Program policies and procedures.

Departmental Guidance established that all bureaus must perform periodic management control reviews following existing policy, OMB Circular A-123 and DOI Integrated Internal Control Program Guidance. The reviews are essential to ensure that commitment letters, written agreements, partner matching contributions and certifications, and related Program policies and procedures are met. Without these reviews, Program weaknesses can go undetected.

A BLM official stated that they have a process for doing periodic management control reviews on the CCS Program and reviews will be performed in the future. We therefore concluded that BLM has implemented Recommendation 8. FWS and NPS, however, had no process in place to implement management control reviews at the time of the OIG evaluation. FWS and NPS officials stated that they had not taken action to perform periodic reviews of the CCS Program. We concluded that FWS and NPS have not implemented Recommendation 8, and therefore, the recommendation should be reinstated and classified as not implemented.

Conclusion

We informed Departmental and bureau officials of the results of this review. FWS and NPS should provide PFM with information of the actions it will perform to implement the recommendations by October 31, 2011.

Responding to the Report

We request that PFM reinstate Recommendations FWS-7, FWS-8, NPS-1, NPS-3, and NPS-8 as not implemented from the subject evaluation report and inform us of the actions to be taken for these recommendations.

If you have any questions about this report, please contact me at (916) 978-5653.

cc: Eric Eisenstein, Division Chief, Internal Control and Audit Follow-up, Office of Financial Management
Nancy Thomas, Audit Liaison Officer, Office of Financial Management
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Appendix 1:

Status of Recommendations

Recommendation	Status	Action Required
BLM		
1, 2, 3, 4, 5, 6, 7, 8	Implemented	No further action is required.
FWS		
1, 2, 3, 4, 5, 6	Implemented	No further action is required.
7, 8	Not implemented	We are requesting that PFM reinstate these recommendations. The Director, FWS, should provide a plan identifying actions to be taken, target dates for implementation, and titles of officials responsible for implementation.
NPS		
2, 4, 5, 6, 7	Implemented	No further action is required.
1, 3, 8	Not implemented	We are requesting that PFM reinstate these recommendations. The Director, NPS, should provide a plan identifying actions to be taken, target dates for implementation, and titles of officials responsible for implementation.