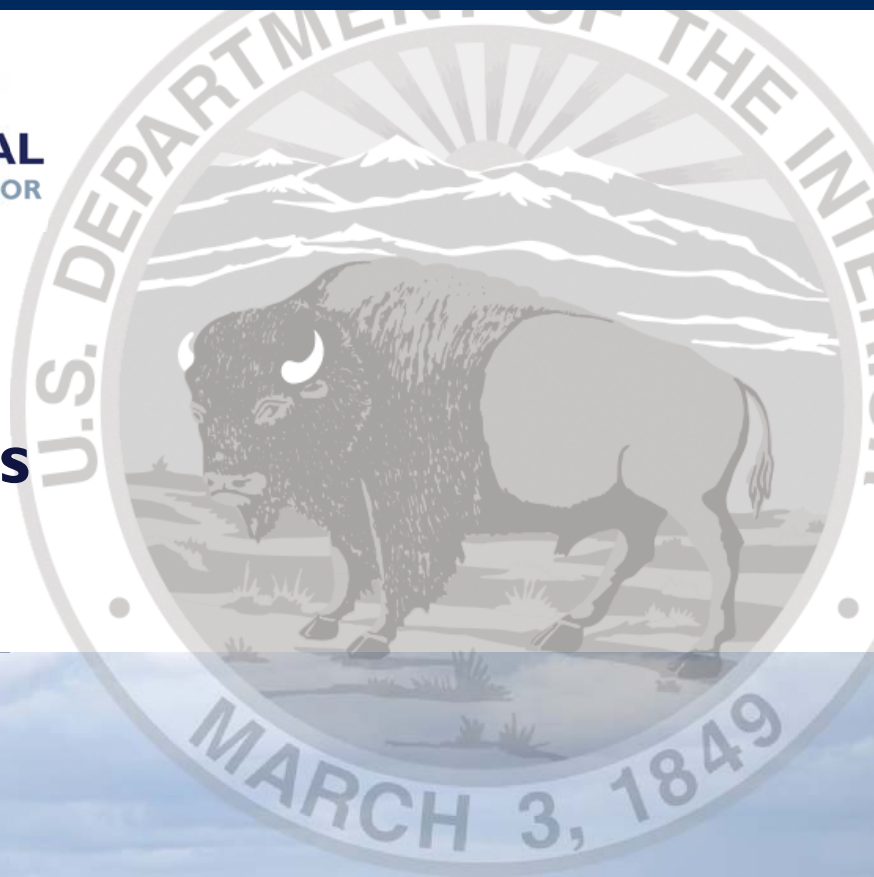




OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

Semiannual Report to Congress



October 2011

Cover photo of Monument Valley in the Four Corners area including Utah and Arizona, courtesy of Sigen Photography / Shutterstock.com.

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

October 2011

April 1, 2011 - September 30, 2011

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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 at approximately 2,400 operating locations across the United States, Puerto Rico, U.S. territories, and freely associated states. DOI is responsible for 500 million acres of America's public land, or about one-fifth of the land in the United States, and 56 million acres of Indian Trust lands. DOI 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 fewer than 300 employees, the organization is driven by a keen sense of mission and dedicated to providing products and services that impact DOI mission results.

Message from the Acting Inspector General



In our April 2011 *Semiannual Report to Congress*, we demonstrated the impact our work has on the lives of individuals when we reported on the case of a Bureau of Indian Affairs (BIA) employee who was terminated for misconduct after he received computer images of child pornography on his Government computer. Upon searching the home of the person communicating with the BIA employee, OIG agents found pornographic digital images of the young children who lived in the home. The children were immediately taken into protective custody. In this issue, we report that the individuals responsible for abusing these children and creating and distributing the pornographic images have received maximum State and Federal sentences. An update on the case is included in this report on page 21.

This was an example of how a single case, seemingly routine, can bring a far-reaching, positive result. On a systemic level, too, OIG is focused on activities that go beyond our traditional investigation and audit responsibilities; we are working constantly to detect and identify potential problems for DOI and its bureaus before they become significant issues. Like our more customary work, this aligns with our mission to detect and prevent fraud, waste, and mismanagement. It also illustrates our commitment to anticipate issues, identify solutions, and provide actionable recommendations to program managers across DOI.

Two recent cases involving Bureau of Land Management (BLM) oil and gas leasing are examples of how our detection and prevention effort anticipates the need for new methods that lead to efficient Government operations. The Quinex Energy and Berry Petroleum cases uncovered problems with BLM's oil and gas inspection process; OIG found that Quinex Energy altered equalizer valves on well equipment. Alteration of these devices made it difficult for BLM to determine the exact amount of oil recovered from wells on land under Federal jurisdiction and thus the royalty payments due to the Government. Responding to our investigations, BLM is addressing its internal control issues by implementing new onshore oil and gas orders. These updated supplemental regulations have been drafted and are undergoing formal review. We expect they will help inspectors focus on the details that make the difference between spotting fraud and abuse and overlooking such problems due to an inefficient inspection process.

OIG is also developing recommendations from its evaluations of the various components that will need to be involved in the land consolidation efforts required by the *Cobell* class action settlement. The land consolidation provisions of the settlement require DOI to address the fractionation of individual Indian lands through purchase and consolidation of fractionated tracts. OIG has provided advisory reports stemming from several critical point evaluations to the Deputy Secretary's office. These are short, concise reports recommending new tools such as a mass appraisal system and a centralized tracking system. Our Office of Audits, Inspections, and Evaluations has formed a special team dedicated to providing these advisory reports to senior DOI leaders throughout the *Cobell* implementation process.

Our critical point evaluations model the success of OIG's Recovery Oversight Office (ROO), whose real-time communications have provided rapid response opportunities for the Department to prevent fraud and waste of funds under the American Recovery and Reinvestment Act (Recovery Act). ROO established a collaboration model with Chris Henderson, Secretary Salazar's former senior advisor responsible for stimulus funds under the Recovery Act. The excellent working relationship OIG had with Henderson when he was at DOI set the standard for successful collaboration. ROO continues to have a strong relationship with DOI as we work together to combat fraud and mismanagement of Federal Recovery Act funds.

We continue to explore new ways in which to leverage our resources, improve our own fiscal accountability, and build on the services we already provide our customers. One example is our capacity building efforts in the Pacific Insular Areas. We have reorganized our Hawaii office to leverage our investigative and audit resources with those of the Insular Areas Public Auditors to capitalize on efficiencies gained by a collaborative use of workforces. OIG has worked to expand both the capacity of the local Offices of the Public Auditor (OPA) as well as their efforts to build strong financial and program accountability. OIG has provided fraud training and other skills development to OPA personnel; these mutually beneficial efforts are designed to foster greater self-sufficiency and enable OPA to better monitor expenditures of Federal and local funds and enhance accountability.

Leveraging resources, anticipating programmatic challenges, identifying and collaborating on solutions, and providing actionable recommendations for programmatic improvements are the signature of an efficient, effective, and innovative OIG. We are balancing our traditional responsibilities with new capabilities and responding to changing times with innovations and improved processes. We believe that our customers expect, and deserve, nothing less.

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

Mary L. Kendall
Acting Inspector General

OIG Operating Principles

Mission

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, the Department, 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. By fulfilling our responsibilities, Americans can expect greater accountability and integrity in Government program administration.

Activities

OIG accomplishes its mission by conducting audits, inspections, evaluations, assessments, 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.

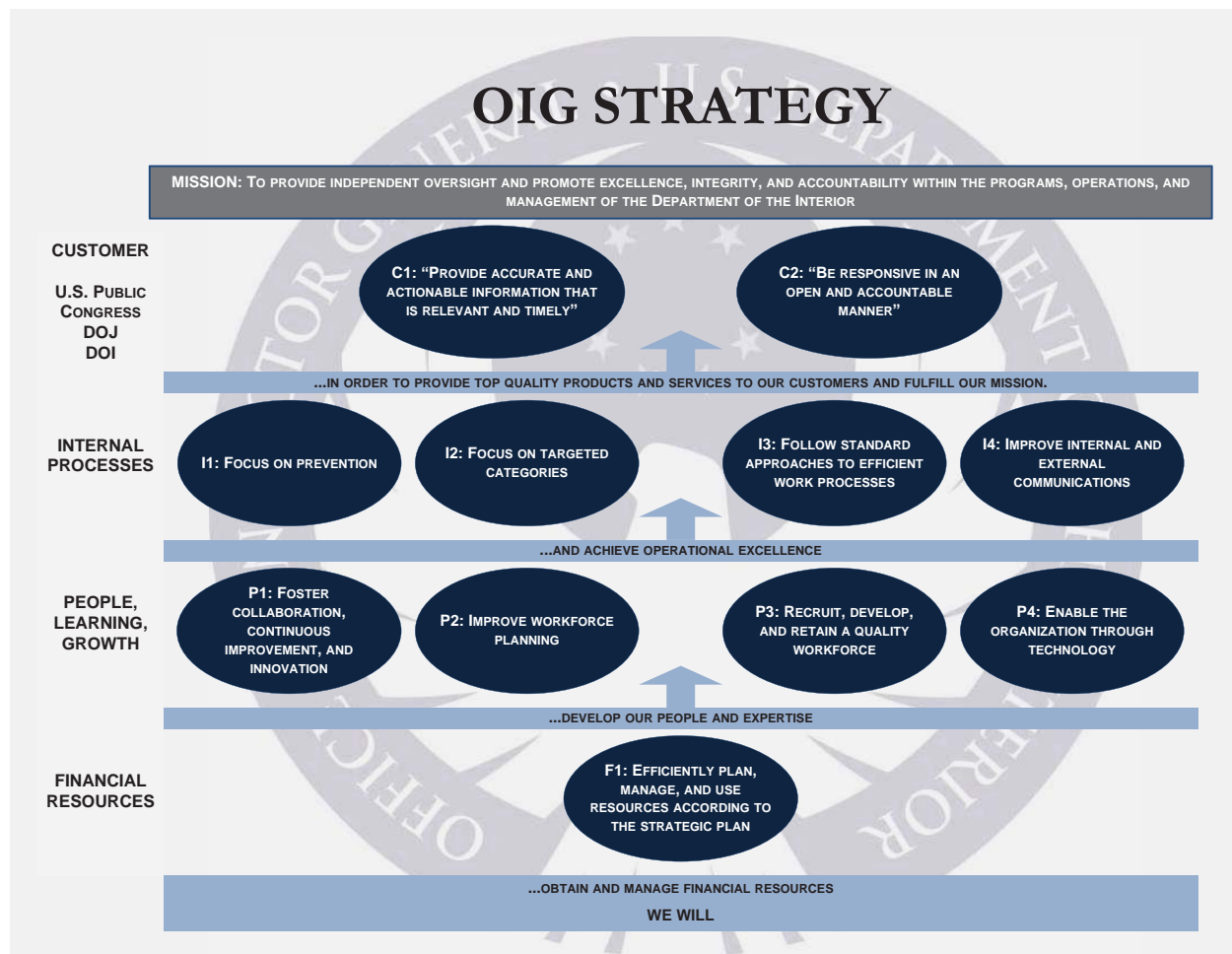
Office of Inspector General



Strategy Management Office

Strategic Changes Move OIG Forward

OIG leadership strives not only to meet the needs of our primary customers, Congress and DOI, but also to exceed expectations. Efforts during the past year have helped us to assess and improve our performance in a variety of ways. We conducted focused, in-person outreach to obtain the feedback and perspectives of officials in DOI and in Congress. We identified areas of weakness, implemented initiatives to improve those areas, and measured progress. We also continually assessed whether our time is spent on operational and strategic activities that help us provide our customers with information in an actionable format and timeframe.



OIG Strategy Map.

Providing Actionable Information

OIG leadership initiated quarterly meetings with key congressional staff and DOI officials to gauge whether OIG is providing actionable information that is timely, relevant, and objective. OIG leadership spoke with minority and majority staff members from congressional committees having DOI oversight responsibilities. These included the Senate Committee on Indian Affairs, the Senate Committee on Homeland Security and Governmental Affairs, the House Science Subcommittee on Investigations and Oversight, and the House Natural Resources Committee. The first set of DOI meetings focused on U.S. Fish and Wildlife Service (FWS) grant audits, information technology audits, and recovery work.

The feedback was overwhelmingly positive and constructive. Congressional officials said they found the discussions informative, and DOI officials reported that they rely on OIG to provide them with reliable, relevant, and real-time information to identify, prevent, or mitigate problems. For example —

- FWS officials said OIG’s work reduces the risk of state officials using fish and game revenues for inappropriate purposes;
- rapid assessment reports on Recovery Act spending served as an early warning system enabling officials to address OIG-identified risks, make early corrections, and prevent the mismanagement of funds;
- bureau staff could work more effectively to implement recovery projects; and
- the DOI Chief Information Officer and FWS officials requested greater OIG involvement in their programs and identified several areas for future audits and evaluations.

Insights gained from these discussions have informed our audit and workforce planning processes for the next fiscal year (FY).

In addition to this focused outreach, OIG also sought a more collaborative approach to identifying DOI’s FY 2012 top management challenges. After identifying broad critical areas in DOI’s strategic plan, OIG managers met with senior DOI officials to solicit their perspectives on the Department’s vulnerabilities. These vulnerabilities were incorporated into OIG’s selection of top management challenges.

Improving Responsiveness

As an accountability organization, OIG tries to be responsive not only to our primary customers but also to the public. One challenge has been responding to requests for information under the Freedom of Information Act (FOIA). As a result of operational and electronic changes, we achieved a remarkable increase in productivity in an area that challenges all Federal agencies. OIG went from acknowledging 53 percent of requests within 7 business days to 100 percent of requests within 7 business days in the second quarter of FY 2011 and continues to maintain this level of performance. We also made great strides in completing FOIA requests, transitioning from completing 7 percent of requests within 20 days in the first quarter of FY 2011 to completing 50 percent of requests within the same timeframe in the fourth quarter. In FY 2011, we reviewed over 1 million pages of documentation to close 141 requests. We will continue to make progress in this critical area to respond in a timely manner.

Managing Resources in a Tight Fiscal Environment

The recent debate over the debt ceiling and balancing the budget drives home the importance of managing resources well in a tight fiscal environment. In response to a Governmentwide data request from the administration, we identified more than \$500,000 in estimated cost savings this year from employee, unit, and organizational actions. Many of these OIG savings, such as savings on real estate, will carry into future years. Actions that enabled these savings included increased use of telework, increased use of technologies such as WebEx and video conferencing, closing field offices, canceling unnecessary travel, changing vendors, negotiating utilities, and encouraging collaboration among regions.

Recovery Oversight Office

ROO Focuses on Fraud Prevention and Outreach

Following the enactment of the American Recovery and Reinvestment Act of 2009 (Recovery Act), OIG established the Recovery Oversight Office (ROO), with fraud prevention as a cornerstone of its operations. ROO focused on aggressive prevention efforts to minimize losses of DOI Recovery Act funds, which were spent at an unprecedented rate by 6 bureaus on more than 4,000 projects. ROO brought its fraud prevention focus to the efforts already conducted by investigations, audits, and reviews of Recovery Act programs and projects normally encompassed by OIG oversight efforts.

ROO developed and executed a multifaceted, focused fraud prevention program for oversight of Recovery Act funds, using the collaborative efforts of employees from multiple disciplines. This included investigators, auditors, evaluators, and others. Implementing this program leveraged OIG staff by elevating fraud awareness on the part of DOI and bureau staff, as well as Recovery Act recipients. Since nearly 50 percent of fraud schemes are discovered through personal tips, an informed community is essential to protecting taxpayer dollars.

Fraud Awareness Training

OIG collaborated with DOI's Office of Small and Disadvantaged Business Utilization to deliver fraud awareness training to small businesses at a training and outreach program held in Albuquerque, NM. Comments received from the attendees included —

- "...it was helpful to be aware of the types of situations that can come up and to be aware of what to look for and how to mitigate problems";
- "[it] made me think of controls and what controls we are using"; and
- "[the training] establishes a relationship between OIG and private business that isn't threatening."

ROO also initiated private outreach and training for contractors and recipients this year.

To date, OIG (ROO and Office of Investigations staff) has presented fraud awareness briefings to approximately 14,000 DOI and bureau acquisition and program officials. ROO also has provided training to recipients of Recovery Act funds in 28 states. OIG has continued to present fraud awareness briefings at DOI University Contracting Officer's Technical Representative (COTR) courses as an integral part of the COTR certification curriculum. These acquisition officials represent the first line of defense against procurement fraud. In addition, OIG has begun to include these briefings in DOI University's basic supervisor's course.

In September 2010, an OIG advisory raised concerns that restrictive U.S. Geological Survey (USGS) solicitation requirements, in conjunction with conversations with program personnel, may have undermined the Recovery Act's goal of fostering maximum competition. As a direct result and in an unprecedented response, the USGS Office of Acquisition and Grants collaborated with OIG to educate both acquisition and program officials to enhance their awareness of competition requirements and contract fraud indicators. USGS Federal Acquisition Certification-COTR personnel were required to attend. During the current and previous reporting period, OIG provided training to approximately 2,000 employees in Reston, VA; Denver, CO; Sacramento, CA; and Menlo Park, CA.

Relationship Building

We continue to address capacity building in the Insular Areas. Responding to requests for procurement fraud training from Insular Area public auditors and Government officials, OIG senior officials traveled to the Insular Areas to solidify relationship-building efforts and to provide training on procurement processes, procurement fraud schemes, and investigative tools and methodology. Members of the group provided training at multiple locations in two Federated States of Micronesia (Yap and Pohnpei), Guam, and American Samoa. These efforts raised awareness of the importance of internal controls, oversight, and transparency in detecting and preventing fraud in the use of all funds.



ROO has provided fraud awareness training in the Southwest.

Applied Research

In one OIG fraud prevention effort, ROO collaborated with Recovery Act Investigative Working Group representatives to develop and execute an applied research project that focused on fraud prevention efforts instituted by all OIGs whose agencies received Recovery Act funds. This research effort helped to validate the OIG's ongoing fraud prevention efforts (especially fraud awareness briefings, the hotline program, and relationship and capacity building). It also highlighted several additional promising approaches that could assist in our fraud prevention and detection efforts.

Suspension and Debarment

We improved our suspension and debarment support of DOI in 2011 by adding staff and improving the suspension and debarment review process. These efforts preclude firms or individuals with questionable qualifications or business integrity from receiving Federal awards or monitor more closely organizations that have exhibited inadequate Federal fund management in the past. Since the revitalization of its program in 2009, DOI has suspended or debarred 78 firms or individuals and entered into administrative agreements with 2 firms and 2 individuals. OIG was commended by the Administrator for Federal Procurement Policy and the Chair of the Interagency Suspension and Debarment Committee during a hearing before the Commission on Wartime Contracting for dedicating the necessary resources and administering an effective suspension and debarment program in coordination with DOI.

Conclusion

These multi-pronged efforts led by diverse staff help OIG focus on fraud prevention and ensure greater accountability for Recovery Act funds.



ROO staff have worked extensively with auditors in the Insular Areas.

U.S. Department of the Interior



Climate Friendly Parks Initiative: An Opportunity for NPS to Meet Environmental Mandates

OIG assessed the National Park Service's (NPS) Climate Friendly Parks Initiative (CFP) to determine whether CFP-member parks benefit from participation and whether this initiative helps NPS meet Federal environmental sustainability goals. Our evaluation found that the initiative has created an environment of climate stewardship among member parks, although deficiencies in accountability and other areas may make it difficult to match CFP accomplishments to the requirements mandated by presidential executive order.

The mission of NPS is to preserve the natural and cultural resources of the national park system for the enjoyment, education, and inspiration of current and future generations. In keeping with this mission, and recognizing its potential to educate on the impacts from climate change, NPS collaborated with the U.S. Environmental Protection Agency in 2002 to establish CFP. The organizations worked together under an interagency agreement until mid-2009, at which point NPS took full control of the initiative.



NPS's Climate Friendly Parks Initiative focuses staff and visitors on the impact of climate change.

By mid-2011, 24 national parks had become CFP members, with more than 40 others in the process of becoming members. CFP provides resources and support with which parks can measure and reduce greenhouse gas emissions, develop methods for maintaining natural and cultural resources while experiencing climate change, and provide public education on climate change topics. CFP empowers employees from various park units and divisions to collaborate on innovative approaches and serve as role models for climate stewardship.

On October 5, 2009, the President signed Executive Order (EO) 13514, which establishes sustainability goals for Federal agencies to improve environmental, energy, and economic performance. To meet these goals, NPS has developed the Green Parks Plan, a comprehensive strategy for sustainable management that, among other things, calls on all parks to join the CFP network. OIG is concerned that progress made under CFP may not easily transfer to the EO-mandated requirements due to deficiencies in accountability, data quality and assurance, and program sustainability.

We found an absence of accountability once a park develops an action plan and becomes a CFP member. The process places more emphasis on becoming a member than on actions taken once membership is achieved. No standard mechanism exists to measure, track, and report a park's progress toward intended outcomes or to analyze actions.

Further, the manner in which greenhouse gas inventory data are collected, verified or validated, and updated at CFP-member parks puts NPS at risk of overstating or underreporting emission levels associated with park operations. The inventory tool used to measure emissions also has not been updated to meet greenhouse gas reporting requirements. There is no requirement to review and validate the accuracy of inventory data.

Currently, NPS is enhancing its CFP design to meet new Federal environment mandates.

OIG Finds Nuclear Gauges Properly Secured, Decrease in Violations

OIG evaluated the portable nuclear gauge radiation protection programs of DOI bureaus, including the Bureau of Indian Affairs (BIA), the Bureau of Land Management (BLM), the Bureau of Reclamation (USBR), and the United States Geological Survey (USGS), because misuse of a portable nuclear gauge poses a radiation hazard and creates a potentially high-dollar impact if lost, stolen, or improperly disposed.

A gauge is a portable tool that uses small radioactive sources to determine moisture and density levels for various types of projects. BIA, BLM, and USBR use gauges to engineer roads and other construction projects. USGS uses gauges to take scientific measurements of moisture content in soils above the water table. Gauges contain radioactive sources harmful to users and

to the public if not properly stored, used, transported, and disposed. Because of these radioactive materials, the U.S. Nuclear Regulatory Commission (NRC) regulates gauges, in part by issuing licenses and performing compliance inspections.

At DOI, seven NRC licenses are held by BIA, BLM, USBR, and USGS. These 4 bureaus manage about 30 portable nuclear gauges in 9 states. BIA has 3 licenses in 3 states (15 gauges), BLM has 1 license in 1 state (2 gauges), USBR has 2 licenses in 2 states (5 gauges), and USGS has 1 license with gauge permits in 3 states (8 gauges). In addition, the departmental manual requires each bureau to have a written radiation safety program. Each bureau has a designated safety and health official, as well as safety managers who oversee specific safety programs, including radiation protection. The radiation safety program requires a qualified officer to oversee radiation safety at each applicable facility.

Overall, we found gauges to be properly secured during storage and transportation. We also noted a decrease in the number of violations issued by NRC during its inspections. We found, however, a number of shortcomings in program management that could pose safety risks and lead to additional NRC violations in the future.

We found that BIA's radiation safety and protection program demonstrated the most deficiencies, yet its Muskogee, OK, program proved to be the best across all bureaus. We noted the level of care and the security focus at Muskogee as a best practice that each of the bureaus should incorporate into their policies. BLM and USBR also have sound gauge-use policies in place, and since they use gauges in much the same way as BIA, BIA could benefit from reviewing their policies and retooling its own to fill any gaps.

During our field data collection process, each bureau began to take action to correct any deficiencies identified. The bureaus developed and implemented plans to remedy noted deficiencies, such as training, annual self-reviews, and recordkeeping. BIA is also in the process of completing a Bureauwide policy for radiation safety and protection to avoid future deficiencies.

OIG Provides Program Startup Tool to Department

OIG conducted an evaluation of four DOI programs to examine program planning processes and determine which program planning models lead to success. OIG asked bureaus to identify successful programs and expand on their planning processes. By identifying successful planning processes, OIG provided useful tools to DOI and its bureaus in developing new programs or revising existing programs. OIG evaluated programs from the Office of Surface Mining (OSM), U.S. Fish and Wildlife Service (FWS), U.S. Geological Survey (USGS), and the U.S. Bureau of Reclamation (USBR).



OSM used a collaboration-based approach program planning model for the Appalachian Regional Reforestation Initiative.

Program planning is a problem-solving process through which an organization develops a plan to achieve specific objectives. Program planning involves a variety of elements, including identifying program needs and capacity, planning for resource allocation and use, assuring service delivery, preparing to respond to critical events, and evaluating program activities and outcomes.

While effective planning does not guarantee a program's success, an effective planning process helps justify program budgets, determines program priorities, defines program goals, and provides a means for evaluating program accomplishments.

Each program planning model was tailored to meet the specific needs of the bureau based on a standard 7-step planning process. The standard process begins with identifying the problem, then developing objectives and performance measures. Next, the program strategy should be linked to the organizational strategic plan. Then DOI or the bureau should identify key stakeholders and needed resources, followed by coordinating program activities. The final step in the standard planning process is collecting feedback and evaluation.

In planning the Appalachian Regional Reforestation Initiative, OSM used a collaboration-based program planning model. OSM focused on building and maintaining trust among stakeholders, establishing a common goal, and using the strengths of the stakeholders to achieve program objectives.

By using a business-based program planning model for the Chesapeake Bay Restoration effort, FWS focused on using cost analysis to make management decisions about where and how to target conservation activities efficiently. Through this planning process, FWS could eliminate inefficiencies in resource allocations by coordinating with the Bureau's regional partners.

USGS used a science-based program planning model for its Global Climate Change program, which focuses on applying the best evidence resulting from the scientific method to decisionmaking processes. This program planning model was designed to encourage collaboration at all bureau and partner levels in order to establish credible scientific data.

USBR used a performance-based program planning model for the Water Sustain and Manage America's Resources for Tomorrow (WaterSMART) grant program, which focuses on managing organizational performance by evaluating program results. This model developed program goals, the criteria needed to obtain the goals, and the procedures to develop and maintain the program. USBR also solicited input directly from its partners, which allowed the Bureau to better meet the needs of the end users.

AQD-Sierra Vista Provides Very Limited Services to DOI

OIG inspected the Acquisition Services Directorate (AQD)-Sierra Vista to determine the benefits and risks to DOI in continuing interagency contracting activities. AQD-Sierra Vista provides acquisitions services for DOI, as well as other Federal agencies, under the Working Capital Fund. An agency that provides services as a working capital fund is not allowed to make a profit or retain any excess funds.

AQD-Sierra Vista has been the subject of multiple audit reports issued by our office, the Department of Defense (DoD) OIG, and the Government Accountability Office (GAO), all of which criticized components of AQD-Sierra Vista's interagency contracting practices that involve monitoring, funding, and competition of contracts.

OIG's inspection found that DOI assumes most of the risk with operating an interagency contracting office such as AQD-Sierra Vista, and receives little benefit in return. DOI transactions accounted for only approximately 2.4 percent of the total contract actions awarded in fiscal year (FY) 2009 and FY 2010.

In addition, AQD-Sierra Vista accepts requests for purchases and the requisite accompanying funds from its customers late in the fiscal year. This practice puts AQD-Sierra Vista at risk of issuing contracts improperly, of potentially violating the bona fide needs rule, and of spending expired funds. The bona fide needs rule states that a fixed-term fund is available only for payment of expenses properly incurred during the period of availability or to complete contracts within that period. AQD-Sierra Vista has not included cutoff dates in its policies to avoid these situations.

OIG also found that AQD-Sierra Vista's contracting officers (CO) have not effectively monitored contracts for compliance with 8(a) subcontracting limitations, which require the contractor to complete at least 50 percent of the personnel-based contract costs with its own employees. OIG advised DOI to standardize procedures for COs and pay specific attention to the Limitation of Subcontracting rule.

Based on the low number of DOI-related transactions that AQD-Sierra Vista conducts and the simplicity of the contracts it awards for DOI customers, OIG recommended that management consider whether AQD-Sierra Vista could be restructured or put to more advantageous use elsewhere in DOI.

FWS Offices Working to Improve Control of Grants and Cooperative Agreements

OIG evaluated grants and cooperative agreements funded in fiscal years 2007 through 2009 by the U.S. Fish and Wildlife Service (FWS). OIG assessed whether control activities by the FWS Pacific Regional Office and the Pacific Islands Fish and Wildlife Office (PIFWO) could prevent and detect fraud and wasteful spending. We found that in administering financial grants and cooperative agreements PIFWO did not meet its fiscal responsibilities, while the Pacific Regional Office failed to provide effective oversight. OIG offered nine recommendations to correct the deficiencies. FWS is working to correct these issues.

PIFWO develops partnerships and awards financial assistance to private land owners and conservation groups for projects in Hawaii and throughout the Pacific islands. These projects include conservation projects, conservation research, and related activities including training, conferences, and public outreach. Despite existing guidelines and policies as to how to administer and control grants and cooperative agreements, OIG found that PIFWO inadequately ensured impartiality, transparency, and accountability when awarding and administering these funds. Key controls developed by DOI have not been implemented effectively in the Pacific region. Also, the grants management review performed to ensure proper oversight of program assistance is inadequately documented and contains significant design flaws. Specifically, the person who completed most of the financial assistance review checklists also performs the grants management review, effectively reviewing his or her own work.

OIG also identified ethical concerns relating to conflicts of interest and favoritism toward preferred recipients that put FWS's credibility at risk. Currently, FWS has no requirement for PIFWO grant administrators to disclose relationships, memberships, or positions held with outside organizations — even with those receiving FWS grants or cooperative agreements. In addition, nongovernmental organizations acting as fiscal agents could be used to bypass Federal and state procurement systems.

Although partnership with non-Federal landowners is essential to conserving threatened and endangered species and their habitats in Hawaii and other Pacific islands, corrective action is needed to address the ineffective implementation of controls and the numerous ethical concerns and indicators of potential fraud that we have found. If these issues are not addressed properly, millions of taxpayer dollars will continue to be at significant risk for favoritism and fraud. FWS is currently working to correct and protect against this risk.



The Green Sea Turtle nests throughout the Pacific region.

Unfunded Liability Threatens Default of the Virgin Islands' Government Employees Retirement System

In an evaluation of the Virgin Islands' Government Employees Retirement System, OIG found that the system could default in 14 to 19 years, or less, due to a growing unfunded liability of more than \$1.4 billion. The contributing factors include employee-employer contribution levels, the ratio of active members to retired members, and early retirement legislative mandates. As a result, the long-term sustainability of the system, which is comprised of just over 18,000 members, is critically at risk.

Between 1984 and 2001, the Virgin Islands Legislature passed various laws designed to encourage early retirement. The Legislature failed, however, to sufficiently fund these laws. Moreover, 648 employees took advantage of the early retirement packages, which prevented the retirement system from collecting \$121 million.

We also found that the system does not always ensure that member contributions are made on time, nor does it maintain accurate data on members. The retirement system has recorded contributions unsupported by official personnel records, failed to reliably record member service-entry dates, and documented service-entry dates that conflict with official personnel records.

OIG recommended that the Government of the Virgin Islands (GVI) establish a taskforce of financial experts to determine how to address the difference between current and recommended payroll contribution levels; develop and implement measures to improve the system's sustainability; ensure that any future early retirement provisions are adequately funded; and require retirement system managers to identify areas for improvement, including timely contribution collections and the accuracy and integrity of member data. GVI agreed with all recommendations and is in the process of implementation.

Deficiencies Found in BIA Control of Wildland Fire Suppression Funds

OIG audited the Bureau of Indian Affairs' (BIA) administration of wildland fire suppression funds because of concerns raised by Congress about rising costs, as well as cases from our Office of Investigations about appropriate use of funds.

Congress appropriates around \$900 million each year to DOI's Office of Wildland Fire Coordination for management of wildland fires. The funds are then allocated to the bureaus with wildland fire responsibilities — BIA, the Bureau of Land Management, the U.S. Fish and Wildlife Service, and the National Park Service.

BIA is allocated about \$170 million for wildland fire management, which includes preparedness, suppression, and hazardous fuels reduction. These BIA funds serve to protect people, wildlife, property, and habitat by providing resources for fire management programs, reducing the risk of fires, and suppressing specific fires.

We found deficiencies in BIA's control of wildland fire suppression funds that increase the risk of fraud, waste, and abuse. The most serious deficiencies relate to tribal agreements, cost monitoring, recording of obligations/expenses, and paying of expenses. These control deficiencies jeopardize DOI wildland fire suppression effectiveness because fire suppression funds are shared throughout DOI and impact the wildland firefighting activities of states, Indian tribes, and other entities because they share fire suppression responsibilities.

OIG recommended that BIA determine when to use specific tribal agreements and identify appropriate funding mechanisms; develop and require use of a standardized template for each type of tribal agreement and provide clear instructions to ensure consistency; conduct regularly scheduled fire preparedness reviews for regional offices at least every 5 years; develop and implement guidance on performance of thorough financial management reviews; establish and implement procedures for the regular analysis of fire suppression financial data; and develop and implement policies and procedures to ensure prompt recording of wildland fire suppression obligations/expenses and prompt payment of expenses.



Deficiencies were found in BIA's control of wildland fire suppression funds.

BIA concurred with all recommendations and is in the process of implementing new policies to improve wildland fire management and decrease the risk of future deficiencies regarding control of wildland fire suppression funds.

More Than \$1 Million Stolen over 10 Years from Tribal Credit Program

This far-reaching OIG investigation began in July 2009 when allegations of improper disbursements by Federal and tribal Fort Peck Credit Program employees first surfaced. Investigators pursued allegations that employees approved and received excessive loans and direct payments from the credit program without authorization or proper documentation. For at least 10 years, six employees routinely removed funds from bank accounts they were unauthorized to access and disbursed that money either to themselves or to family members. The employees confessed to this fraud scheme and to intentionally altering credit program records in September 2007 to conceal the scheme from a Federal review team.

In January 2010, the Federal Grand Jury in Billings, MT, issued the first of a series of criminal indictments alleging a 10-year criminal conspiracy dating from 1999 to 2009. The conspirators allegedly embezzled more than \$1 million from the Fort Peck Credit Program, which is the recipient of Bureau of Indian Affairs (BIA) funds to promote American Indian financial opportunities.

The BIA Branch of Credit maintained program oversight for more than 10 years, until June 2008. During this time, BIA employees exercised approval authority for certain short-term loans and maintained signature authority over credit program bank accounts. The six credit program employees involved in the scheme at that time all pleaded guilty to various felony charges, including conspiracy and obstruction of justice. All six were incarcerated and given prison terms that ranged from 24 to 45 months.

As the scope of our investigation expanded, four more individuals were charged and convicted for their participation in the fraud. Included in the latest round of criminal convictions was the city clerk for the town of Poplar, MT, as well as the BIA Agency Superintendent, a 37-year career Federal employee and the highest ranking BIA employee at the Fort Peck Agency.

On March 18, 2011, an indictment was returned against BIA Superintendent Florence White Eagle. The indictment alleged that White Eagle conspired with Toni Greybull, a former BIA administrative officer (now deceased) to convert tribal funds from the program. White Eagle also was charged with five additional felony counts that included misprision of a felony, bribery, financial conflict of interest, false statements, and conversion of tribal funds. White Eagle was convicted of all six felony charges in June after a 1-week jury trial in Great Falls, MT. Sentencing is scheduled for October.

The Fort Peck Credit Program investigation is ongoing. To date, 10 people have been convicted. Prison sentences of 227 months and restitution in the amount of \$828,493 have been ordered by the U.S. District Court against the nine individuals sentenced to date. The Fort Peck Tribes filed a \$3.2 million tort claim against BIA in November 2010, alleging willful negligence and malfeasance in regards to BIA's oversight of the credit program.

On September 2, 2011, the Office of the Solicitor (SOL) notified the Fort Peck Tribe that their tort claim had been denied. SOL noted that the financial losses had been caused by the illegal actions of Federal and tribal employees acting outside the scope of their employment. SOL further determined that no evidence demonstrated negligent or wrongful actions on the part of Government employees as the cause of the damage.

Crow Creek Tribal Chairman Convicted In Bribery and Kickback Schemes

A joint OIG – FBI investigation that already resulted in bribery and kickback convictions at the Crow Creek Tribal Schools recently concluded with the indictment of Crow Creek Tribal Chairman Duane Big Eagle. Big Eagle's conviction involved a bribery scheme dating back to 2005.

Initially, this long-standing investigation focused on \$1.3 million allocated to Crow Creek Tribal Schools in Stephan, SD, by the Bureau of Indian Affairs' (BIA) Office of Facilities Management and Construction (OFMC). These funds financed new dormitory and kitchen facilities at Crow Creek Tribal Schools, replacing those destroyed by fire on the main campus in April 2005. The scope of the joint investigation eventually expanded to cover several million dollars in OFMC-funded construction projects completed between 2003 and 2006. The Crow Creek Tribal Schools also received more than \$7 million annually for its education programs and operations from the Bureau of Indian Education.

The bribery and kickback schemes developed when Crow Creek's school superintendent took bribes from contractors who wanted the opportunity to replace burned-out school facilities. He also conspired with several other school employees to steal school funds.

As we continued to acquire information, our investigation expanded to include Duane Big Eagle. Big Eagle served as the tribe's chairman between 2004 and 2006. He was elected to that position again in 2010.

In October 2010, an indictment filed in U.S. District Court for the District of South Dakota charged Big Eagle with bribery, conspiracy to commit bribery, and aiding and abetting. In August 2011, at the conclusion of a 4-day trial, a jury convicted Big Eagle on one count of bribery and two counts of conspiracy and aiding and abetting. Big Eagle subsequently resigned from his tribal position. He is scheduled for sentencing in November.

Northern Arapaho Nation Employees Indicted for Conspiracy and Theft

In January 2011, the executive director, former finance administrator, and former payroll clerk for the Northern Arapaho Nation's Department of Social Services were indicted in U.S. District Court for the District of Wyoming on conspiracy, aiding and abetting, and theft concerning programs receiving Federal funds.

The indictments resulted from allegations that George Moss, the executive director, conspired with and aided and abetted Melody St. Clair, a former finance administrator, and Amanda Addison, a former payroll clerk, by authorizing payroll advances and loans and signing the Department of Social Services checks, which facilitated their theft of Federal funds totaling approximately \$163,000.

In June 2011, Moss pleaded guilty to one count of aiding and abetting. In July 2011, Addison was tried and convicted on one count of theft from programs receiving Federal funds. Both are scheduled for sentencing. St. Clair's trial is scheduled for November 2011.

Two Former Tribal Employees Sentenced for Theft of Federal Funds

Two former Chuloonawick Native Village (CNV) employees were sentenced in Federal District Court in Anchorage, AK, for stealing funds from a tribal organization between 2005 and 2007. CNV is a Federally recognized tribe in Emmonak, AK, funded by the Bureau of Indian Affairs (BIA) under a tribal self-determination contract. OIG initiated the investigation in response to allegations that BIA funds had been stolen through unauthorized cash withdrawals and purchases from the tribal account.

On June 9, 2011, the former CNV bookkeeper was sentenced to 4 months of home confinement, 5 years of probation, and restitution of \$21,845. On September 9, 2011, the former CNV tribal administrator was sentenced to 12 months in prison, 3 years of supervised release, and restitution of \$99,574.

Child Pornographers Sentenced in Federal and State Courts

A married couple in Aloha, OR, has received Federal and State sentences after pleading guilty in both Federal District Court and Washington County Circuit Court to 27 counts of allowing a child to be used in the production of child pornography and the production, possession, transportation, and receipt of child pornography. On June 21, 2011, the husband received a Federal sentence of 49 years, and on July 12, 2011, the wife received a Federal sentence of 45 years. On July 13, 2011, both individuals received the maximum State sentence of 42 years to be served concurrently with their Federal sentences.

This investigation was a cooperative effort with U.S. Immigration and Customs Enforcement, the National Center for Missing and Exploited Children, and the local police department. It was initiated in January 2010 after the DOI Office of the Chief Information Officer notified OIG of email correspondence exchanged between the husband and a Bureau of Indian Affairs (BIA) employee pertaining to the sexual exploitation of a minor. BIA terminated the employee, who was indicted on one count of receipt of child pornography. On September 26, the former employee appeared before the Magistrate Court where he entered a plea of not guilty to receipt of child pornography. Until his trial, he is on supervised release, which includes electronic monitoring and no contact with minor children.

Quinex Settlement with BLM

In August 2011, the Bureau of Land Management (BLM) entered into a settlement agreement with Quinex Energy Corporation, in which Quinex agreed to pay \$100,000 in civil penalties. The civil penalty resulted from an OIG and BLM investigation. The investigation uncovered evidence that a Quinex executive had requested the alteration of equalizer valves installed on multiple crude oil wells operating near Roosevelt, UT, on land under Federal jurisdiction.

Quinex altered the equalizer valves to appear closed when they were open so that the valves would not actually isolate the sales tank in the sales phase as mandated by BLM regulations. OIG's investigation further disclosed that company officials submitted several incomplete and misleading facility diagrams to BLM by omitting the equalizer line or valve on the facility diagrams. The investigation also exposed weaknesses and limitations in BLM's inspection process.



Oil rig drilling in the Texas panhandle.

The equalizer valve regulations are intended to ensure proper measurement and accountability for oil removed or sold from the lease. The investigation found no evidence of a scheme to steal oil or reduce royalty payments, which are paid to the Office of Natural Resources Revenue (ONRR).

Quinex did not admit liability as part of the settlement. Quinex inspected and replaced the altered equalizer valves under the supervision of BLM personnel and filed revised facility diagrams.

Enel Green Power Settles Allegations of Royalty Underpayment

In a settlement with the U.S. Attorney's Office (USAO) for the District of Colorado, Enel Green Power North America, Inc., paid \$31,000 to the United States to resolve allegations that the company underpaid geothermal royalties. The settlement resulted from an OIG investigation that closely coordinated with the Office of Natural Resources Revenue (ONRR) and USAO.

On or about March 20, 2007, Enel acquired a geothermal operation in the Stillwater area near Fallon, NV. A geothermal operation uses naturally occurring steam to create energy, which includes generating electricity. Congress authorized DOI to lease Federal land to private companies able to harness geothermal resources and produce energy. Under these leases, companies must pay royalties for the privilege of using Federal land. ONRR collects the royalties.

Each month, companies must report the royalties they owe to ONRR. As a result of the OIG investigation, the United States alleged that Enel did not pay the proper amount of royalties between January 1, 2005, and December 31, 2009. Enel paid less than the lease royalty rate, relying on an ONRR handbook that provides guidance to companies with Federal leases. The USAO asserted that Enel's documentation of its compliance with the handbook provisions was inadequate and, thus, that additional royalties were due.



Geothermal power station.

Sales Representative Sentenced for Putting Saipan Hemodialysis Patients at Risk

On July 25, 2011, Jesse C. Wu was sentenced to 30 days in jail, 7 months of home detention, 23 months of supervised release, 100 hours of community service, and a fine of \$10,000 after pleading guilty to criminal information charging one count of wire fraud, filed in the U.S. District Court of Northern Mariana Islands in Saipan. Wu was sentenced in the U.S. District Court of the Central District of California, located in Los Angeles County, where he lived and from where he faxed a false certification.

Wu falsified the certification of a reverse-osmosis water purification unit that was sold for use in a new dialysis unit at the Commonwealth Health Center in Saipan. Wu claimed the unit met certain Food and Drug Administration standards. OIG led the investigation, with assistance from the FBI.

Investigation Sparks Change At NPS Site

An OIG investigation substantiated allegations that Cheryl Brown Henderson's selection as the superintendent of the National Park Service (NPS) Brown v. Board of Education National Historic Site created a conflict of interest because of her personal relationships with members of the Brown Foundation, for which she had served as president, and because she did not comply with an NPS recusal agreement. We also found that the recruitment process for the superintendent may have provided an unfair preference to Brown Henderson.

The Brown Foundation is a nonprofit organization formed in 1988 in Topeka, KS, by the family of Oliver L. Brown, the named plaintiff in the landmark case, *Brown v. Board of Education*. Cheryl Brown Henderson, his daughter, served as the Foundation's president and chief executive officer from its inception until June 2010, when she began her tenure as the superintendent of the NPS site that provides visitors with information about the case.

The Foundation has a cooperative agreement with the site to develop training materials and curriculum guides and to help NPS staff develop exhibits and interpretive programming. NPS provides the Foundation with \$300,000 annually.

Brown Henderson's relationships with Foundation employees led NPS to develop a recusal document to address any conflicts of interest. The recusal barred Brown Henderson's involvement in current or future cooperative agreements between NPS and the Foundation for 12 months. Brown Henderson, however, continued to attend Foundation board meetings and discuss Foundation financial issues, contrary to the provisions of the recusal agreement.

In addition, the vacancy announcement was listed under two distinct job series: a merit promotion announcement open only to current Federal employees and an open competitive announcement open to all U.S. citizens. Although the Midwest Region and other NPS regions previously advertised superintendent vacancies under dual series, no vacancies had been open to all U.S. citizens. Consequently, this announcement provided an unprecedented opportunity for all U.S. citizens, including Brown Henderson, to apply for the position.

During our investigation, Brown Henderson resigned her NPS position and returned to her previous position as executive director of the Brown Foundation.

Appendices



Statistical Highlights

Investigative Activities

Cases Closed.....	264
Cases Opened.....	251
Hotline Complaints/Inquiries Received.....	154

Criminal Prosecution Activities

Indictments/Informations.....	8
Convictions.....	13
Sentencings.....	9
- Jail.....	1,187 mos.
- Probation.....	275 mos.
- Community Service.....	120 hrs.
- Criminal Penalties.....	\$246,979

Criminal Matters Referred for Prosecution.....	10
Criminal Matters Declined this Period.....	8

Civil Investigative Activities

Civil Referrals.....	4
Civil Declinations.....	1
Civil Settlements.....	1 (\$31,000)

Administrative Investigative Activities

Downgrades.....	2
Removals.....	1
Resignations.....	2
Retirements.....	3
Suspensions.....	9 (52 days)
Reprimands/Counseling.....	11
Reassignment/Transfers.....	2
Bill for Collection Issued.....	2 (\$11,169)
General Policy Actions.....	32
Contractor Suspensions.....	1
Contractor Debarments.....	31
Notice of Civil Penalty.....	1 (\$100,000)
Bureau Non-Responsive*.....	30
(BIA 6, BIE 1, NPS 3, NPS IA 9, SOL 1, BLM 6, BOEM 3, USGS 1)	

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

Statistical Highlights

Audit- and Evaluation-Related Activities

Reports Issued.....	36
Performance Audits, Financial Audits, Evaluations, Inspections, and Verifications.....	27
Contract and Grant Audits.....	6
Single Audit Quality Control Reviews.....	3

Audit and Evaluation Impacts

Total Monetary Impacts.....	\$1,447,802
Questioned Costs (includes unsupported costs).....	\$1,447,802
Recommendations That Funds Be Put to Better Use.....	0
 Audit and Evaluation Recommendations Made.....	69
Audit and Evaluation Recommendations Closed.....	260

Recovery Oversight Office Impacts

Total Products Issued.....	21
 Advisory Reports.....	8
Other (non-published) products.....	13
 Recommendations Made.....	15
Recommendations Closed.....	13

Reports Issued During the 6-Month Reporting Period

This list includes all audit, inspection, and evaluation reports issued during the 6-month period that ends September 30, 2011. It provides report number, title, issue date, and monetary amounts identified in each report (*Funds To Be Put to Better Use, **Questioned Costs, and ***Unsupported Costs).

Audits, Evaluations, and Verifications

Bureau of Ocean Energy Management

B-EV-BOEM-0003-2011

Management Advisory on the Lack of Documentation during our Final Audit of Costs Incurred by Accenture LLP under Contract No. M99PC14572 (No. K-CX-BOEM-0001-2011) (04/15/2011)

Indian Affairs

ER-IN-BIA-0004-2011

Office of Inspector General's Independent Report on the Bureau of Indian Affairs' Fiscal Year 2010 Accounting and Performance Summary Review Report for the Office of National Drug Control Policy (04/15/2011)

WR-EV-BIA-0001-2011

Advisory - Indian Land Consolidation: Mass Appraisals of Indian Lands (06/13/2011)

ER-IN-BIA-0016-2009

Final Audit Report - Bureau of Indian Affairs: Wildland Fire Suppression (07/13/2011)

C-VS-BIA-0003-2011

Verification Review of Three Recommendations from Our May 2007 Flash Report, "Bureau of Indian Affairs and Bureau of Indian Education: Schools in Need of Immediate Action, (Report No. C-IN-BIA-0008-2007)" (09/22/2011)

C-VS-BIE-0006-2011

Review of Three Recommendations from Our April 2008 Report No. Q-IN-BIA-0005-2007 Titled “Bureau of Indian Education Background Investigations” (09/26/2011)

Insular Area Reports

VI-IS-VIS-0001-2011

Evaluation - Verification of Watch Quota and Jewelry Quota Data for Calendar Year 2010 Submitted by Firms Located in the U.S. Virgin Islands (04/20/2011)

VI-EV-VIS-0002-2010

Evaluation Report - Administrative Functions of the Virgin Islands Government Employees Retirement System (09/27/2011)

Multi-Office Assignments

VI-VS-MOA-0003-2011

Verification Review of Recommendations for the Inspection Report, “Final Report - Passport Offices Failing to Manage and Secure Employee Passports (Report No. ER-EV-MOA-0002-2008), May 2009” (08/16/2011)

X-IN-MOA-0007-2011

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, Nuclear Regulatory Commission, National Science Foundation, and Social Security Administration (09/08/2011)

C-VS-MOA-0004-2011

Verification Review of Nine Recommendations from Our September 2008 “Final Audit Report: DOI’s Hurricane Rebuilding Efforts (Report No. C-IN-MOA-0006-2007)” (09/16/2011)

C-IN-MOA-0016-2010

Closeout - Public Law 93-638 Contracts (09/27/2011)

C-EV-MOA-0010-2010

Final Evaluation Report - Portable Nuclear Gauges (09/28/2011)

ER-EV-MOA-0001-2010

U.S. Department of the Interior Program Startup Evaluation (09/28/2011)

WR-VS-MOA-0012-2011

Verification Review of Six Recommendations from our April 2007 Report “Private Use of Public Lands, National Park Service and Bureau of Land Management” (Report No. W-IN-MOA-0008-2005) (09/29/2011)

WR-VS-MOA-0013-2011

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) (09/29/2011)

National Park Service

ER-VS-NPS-0007-2011

Verification Review of Recommendations for the Evaluation Report, “History Collection in Jeopardy at Harpers Ferry Center”
Report No. Y-EV-NPS-0004-2008, July 2008 (06/24/2011)

HI-EV-NPS-0001-2010

Evaluation - National Park Service: Climate Friendly Parks Initiative (08/12/2011)

NM-VS-NPS-0001-2011

Verification Review of Three Recommendations from Our June 2007 Flash Report, “National Park Service: Hazardous Conditions of Yosemite’s Wawona Tunnel Endangers Lives” (Report No.C-IN-NPS-0007-2007) (09/22/2011)

Office of Insular Affairs

VI-EV-OIA-0004-2011

Evaluation Report - Administrative Functions of the Virgin Islands Government Employees Retirement System (09/27/2011)

Office of the Secretary

ER-IS-NBC-0003-2011

Inspection - Acquisition Service Directorate - Sierra Vista Organization (07/14/2011)

ER-VS-PMB-0009-2011

Verification Review of Recommendations for the June 2009 Evaluation Report, “Reorganization of the Working Capital Fund and the Interior Franchise Fund (Assignment No. ER-EV-PMB-0001-2009)” (08/02/2011)

C-VS-DMO-0005-2011

Verification Review of Six Recommendations from Our March 2008 Audit Report No. C-IN-MOA-0011-2006 Titled “Health and Safety Concerns at Department of the Interior’s Facilities” (09/28/2011)

Office of the Special Trustee

WR-EV-OST-0010-2011

Advisory - Indian Land Consolidation: Need for an Appraisal Tracking System (07/18/2011)

U.S. Fish and Wildlife Service

X-IN-FWS-0007-2010

Independent Biennial Auditors’ Report on the Audit of Expenditures and Obligations used by the Secretary of the Interior in the Administration of the Wildlife and Sport Fish Restoration Programs Improvement Act of 2000 for Fiscal Years 2007 Through 2008 and Fiscal Years 2009 Through 2010 (04/04/2011)

HI-EV-FWS-0001-2009

Evaluation - U.S. Fish and Wildlife Service Grants and Cooperative Agreements in Hawaii and the Pacific Islands (06/15/2011)

C-IS-FWS-0017-2010

Inspection - Status of Rocky Flats National Wildlife Refuge (07/21/2011)

Contract and Grant Audits

National Park Service

WR-CX-NPS-0009-2011

Audit of the KGCI, Inc. Settlement Proposal for Termination for Convenience of the Government under Contract No. 1443C2011100224 with the National Park Service (06/29/2011) **\$819,514

U.S. Fish and Wildlife Service

R-GR-FWS-0014-2010

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program
Grants Awarded to the State of Delaware, Department of Natural Resources and
Environmental Control, From July 1, 2008, Through June 30, 2010 (05/31/2011)
***\$15,089

K-CX-FWS-0002-2011

Costs Claimed by Singleton Enterprises for Modification No. 2 under
Contract No. 60181RC004, with the U.S. Fish and Wildlife Service (06/09/2011)
\$147,145 *\$140,557

R-GR-FWS-0005-2011

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program
Grants Awarded to the State of South Carolina, Department of Natural Resources,
From July 1, 2008, Through June 30, 2010 (06/28/2011) **\$52,583

R-GR-FWS-0003-2011

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program
Grants Awarded to the State of Arizona, Department of Game and Fish,
From July 1, 2008, Through June 30, 2010 (07/08/2011) **\$30,217 ***\$20,700

R-GR-FWS-0004-2011

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program
Grants Awarded to the State of Georgia, Department of Natural Resources, From
July 1, 2008, Through June 30, 2010 (07/08/2011) **\$13,121 ***\$72,382

Single Audit Quality Control Reviews

Multi-Office Assignments

B-QC-MOA-0006-2010

Quality Control Review - Audit of Ouzinkie Tribal Council for Fiscal Year Ending
September 30, 2009 (07/25/2011)

B-QC-MOA-0005-2011

KPMG Audit of Central Utah Water Conservancy District Fiscal Year Ending
June 30, 2010 (09/01/2011)

B-QC-MOA-0001-2011

Deloitte & Touche Audit of the Government of Guam Fiscal Year Ending
September 30, 2009 (09/27/2011)

Recovery Oversight Office Advisories

Indian Affairs

RO-J-BIA-064-2010

Tribal Expansion of Bob Hope Drive (05/20/2011)

Multi-Office Assignments

RO-B-MOA-095-2010

Energy Efficiency Impacts on Operations and Maintenance (05/17/2011)

RO-F-MOA-058-2011

Summary of Recovery Oversight Office Outreach Efforts between October 2010
and February 2011 (06/15/2011)

ROO-MA-MOA-008-2010

Transparency and Accountability of Recovery Act Funding to the Insular Areas
and Freely Associated States (07/07/2011)

National Park Service

RO-D-NPS-067-2011

National Park Service Contract C2011101023 (06/06/2011)

RO-F-NPS-036-2011

Blue Ridge Stone Guard Wall (05/04/2011)

U.S. Bureau of Reclamation

RO-B-USBR-0109-2010

U.S. Bureau of Reclamation Rural Water Projects (08/15/2011)

U.S. Fish and Wildlife Service

RO-F-FWS-019-2011

Recovery Oversight Discrepancy Report - U.S. Fish and Wildlife Service Cedar
Point Drainage Ditch Cleanout Project and the Performance of Work by
Contractor Clause (04/07/2011)

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.	4	\$13,158,052	\$12,729,873
B. Which were issued during the reporting period.	6	\$1,447,802	\$385,222
Total (A+B)	10	\$14,605,854	\$13,115,095
C. For which a management decision was made during the reporting period.	4	\$249,118	\$101,605
(i) Dollar value of recommendations that were agreed to by management.		\$199,082	\$35,789
(ii) Dollar value of recommendations that were not agreed to by management.		\$50,036	\$65,816
D. For which no management decision had been made by the end of the reporting period.	6	\$14,356,736	\$13,013,490

*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	\$ 13,951
B. Which were issued during the reporting period.	0	\$0
Total (A+B)	2	\$13,951
C. For which a management decision was made during the reporting period.	1	\$5,447
(i) Dollar value of recommendations that were agreed to by management.		\$5,447
(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 list includes a summary of audit, inspection, and evaluation reports more than 6 months old on September 30, 2011, and still pending a management decision. It provides report number, title, issue date, and number of unresolved recommendations.

Audits, Evaluations, and Verifications

Bureau of Land Management

WR-IN-BLM-0003-2010

Follow-up to Office of Policy Analysis Report, "Review of Selective Aspects of the Federal Helium Program," June 2010 (10/18/2010); 1 Recommendation

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

NM-EV-BIE-0001-2008

Evaluation of Controls to Prevent Violence at Bureau of Indian Education Operated Education Facilities (08/01/2008); 1 Recommendation

WR-EV-BIA-0005-2010

Final Evaluation - Bureau of Indian Affairs' Detention Facilities (03/31/2011); 3 Recommendations

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-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

Multi-Office Assignments

C-IN-MOA-0004-2007

Abandoned Mine Lands in the Department of the Interior (07/24/2008);
1 Recommendation

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. Bureau of Reclamation

WR-FL-BOR-0007-2010

Follow-up - Bureau of Reclamation's Management of Exclusive Use Recreation
Areas (02/24/2011); 1 Recommendation

U.S. Fish and Wildlife Service

C-IS-FWS-0007-2010

Inspection Report - Museum Collections: Preservation and Protection Issues with
Collections Maintained by the Fish and Wildlife Service (01/29/2010);
1 Recommendation

Summary of Reports Over 6 Months Old Pending Corrective Action

This is a list of 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 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); 3 Recommendations

WR-IN-BLM-0003-2010

Follow-up to Office of Policy Analysis Report, "Review of Selective Aspects of the Federal Helium Program," June 2010 (10/18/2010); 3 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); 8 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); 37 Recommendations

Indian Affairs**ER-IN-BIA-0014-2009**

Office of Inspector General's Independent Report on the "ONDCP [Office of National Drug Control Policy] Performance Summary Report - BIA" (11/10/2009); 3 Recommendations

NM-EV-BIE-0003-2008

Evaluation Report - School Violence Prevention (02/03/2010); 3 Recommendations

WR-EV-BIA-0002-2010

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

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);
3 Recommendations

C-EV-MOA-0009-2008

Evaluation Report on Oil and Gas Production on Federal Leases: No Simple Answer (02/27/2009); 2 Recommendations

WR-EV-MOI-0006-2008

Evaluation of the Department of the Interior's Accountability of Desktop and Laptop Computers and their Sensitive Data (04/24/2009); 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); 11 Recommendations

C-EV-MOA-0003-2009

Evaluation Report - Department of the Interior Roads Programs: The Dangers of Decentralization (02/01/2010); 1 Recommendation

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); 3 Recommendations

C-IN-MOA-0001-2009

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



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