



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

The Honorable Judith T. Won Pat  
Speaker  
32nd Guam Legislature  
155 Hesler Street  
Hagatña, Guam 96910

Dear Madame Speaker:

We are pleased to provide you a copy of the Office of Inspector General's Semiannual Report covering the 6-month period October 1, 2015 through March 31, 2016.

If you need additional copies of the Semiannual Report, please contact this office at (703) 487-5443 or visit our website [www.doi.oig.gov](http://www.doi.oig.gov).

Sincerely,

Kimberly Elmore  
Assistant Inspector General for Audits,  
Inspections, and Evaluations

Enclosure

1675

MAY 24 2016

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Office of the Speaker  
Judith T. Won Pat, F.D.D.

Date: 5/31/16

Time: 1:30 PM

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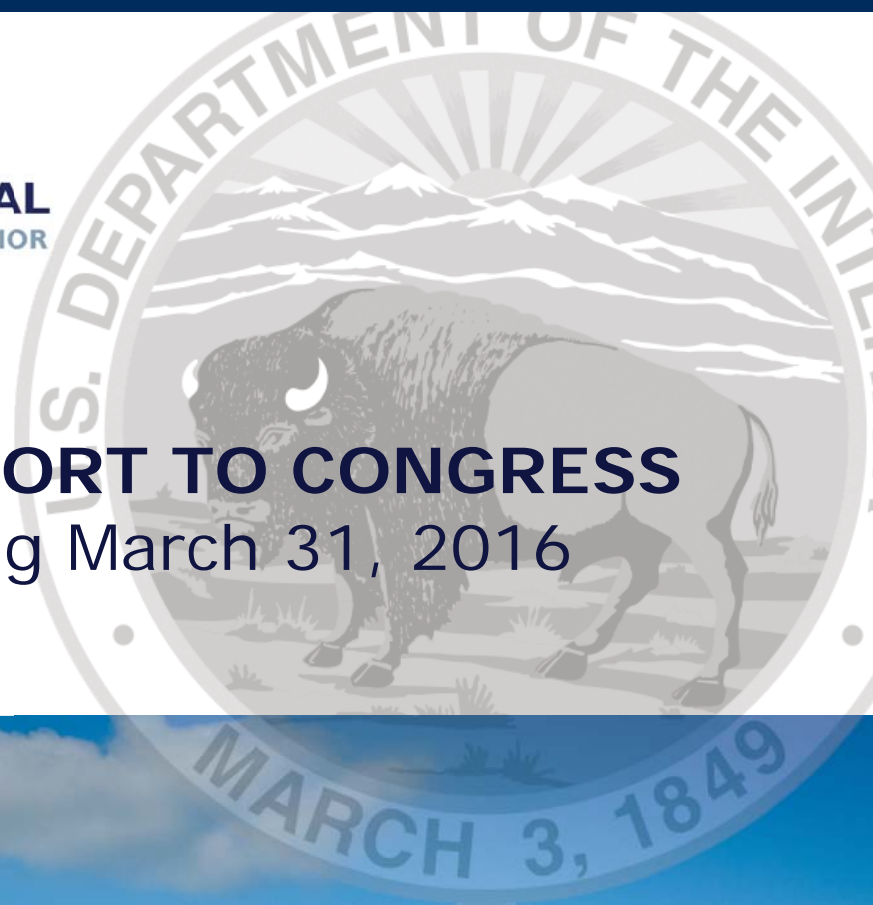
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OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR

# SEMI ANNUAL REPORT TO CONGRESS

For the period ending March 31, 2016

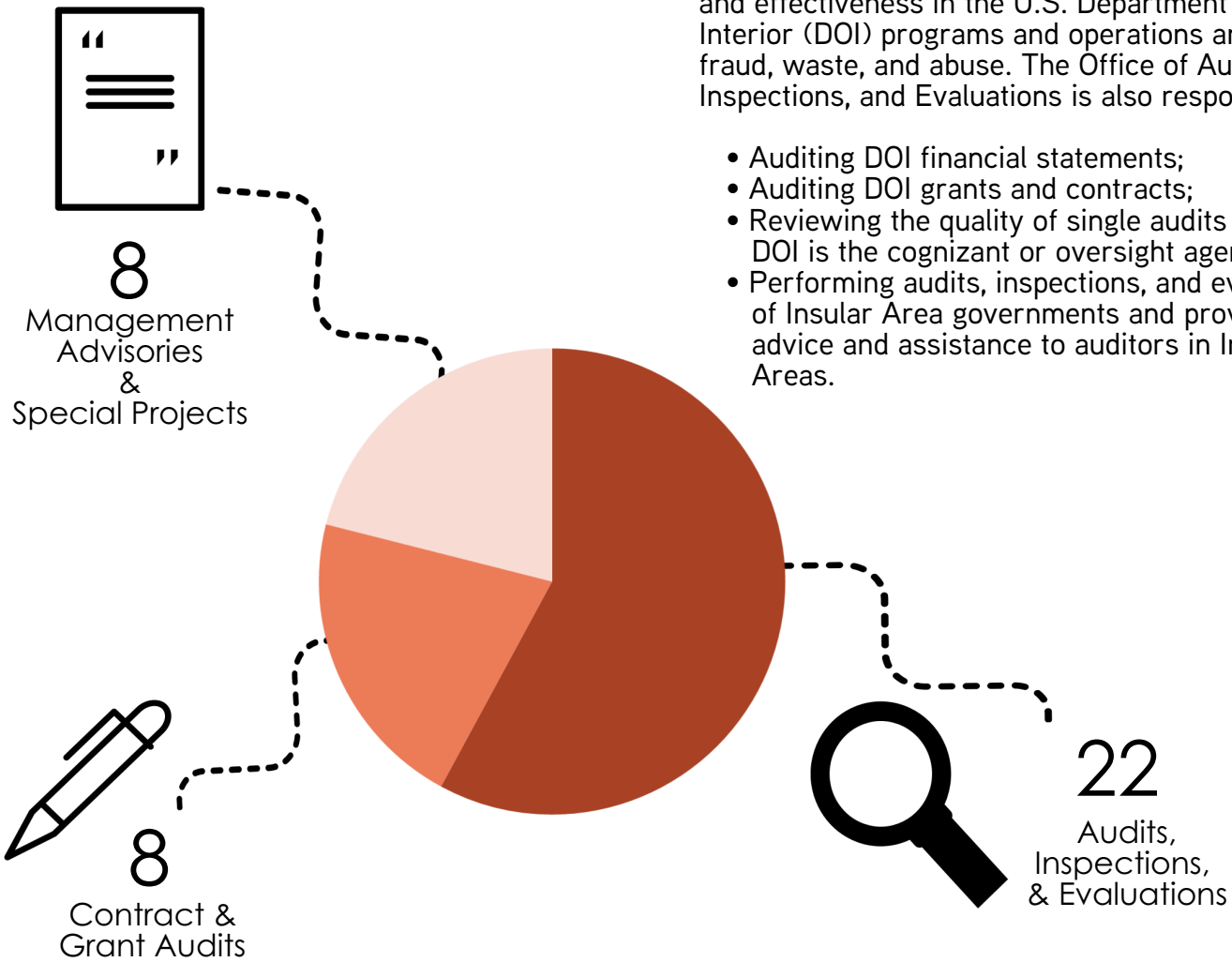


highlights

# AUDITS

The Office of Audits, Inspections, and Evaluations conducts reviews to promote economy, efficiency, and effectiveness in the U.S. Department of the Interior (DOI) programs and operations and reduces fraud, waste, and abuse. The Office of Audits, Inspections, and Evaluations is also responsible for:

- Auditing DOI financial statements;
- Auditing DOI grants and contracts;
- Reviewing the quality of single audits for which DOI is the cognizant or oversight agency; and
- Performing audits, inspections, and evaluations of Insular Area governments and providing advice and assistance to auditors in Insular Areas.

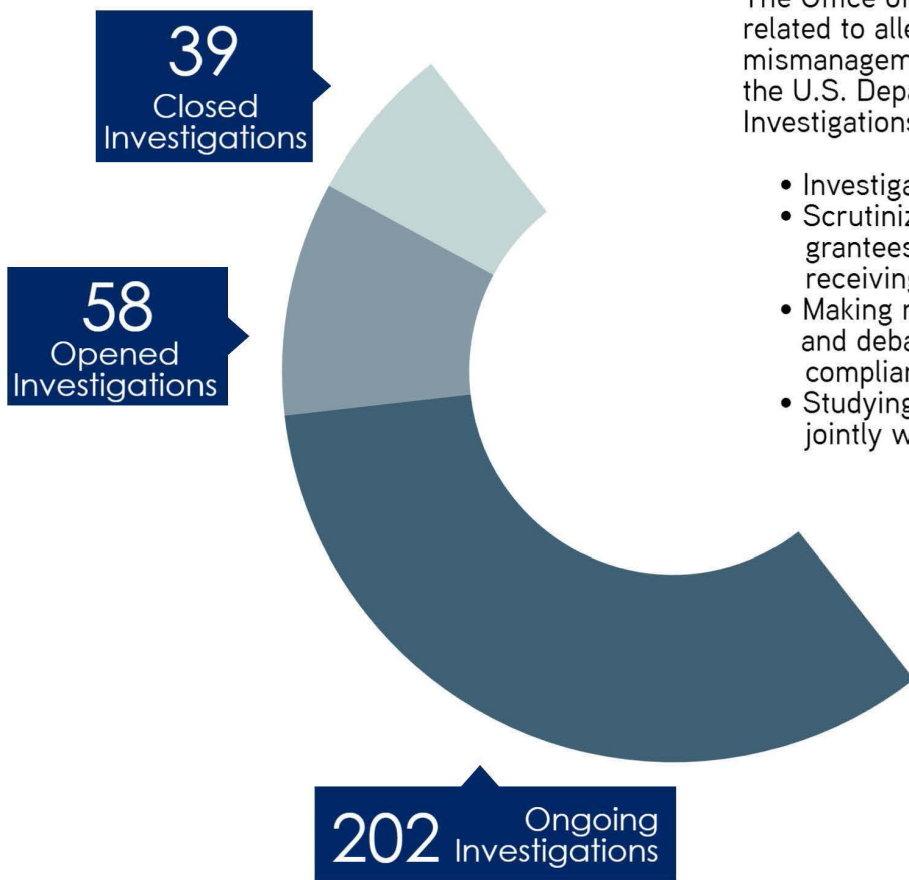


## TOTAL MONETARY IMPACTS

\$ 2, 8 1 1, 9 4 6

highlights

# INVESTIGATIONS



The Office of Investigations conducts investigations related to allegations of fraud, waste, and mismanagement resulting in significant financial loss to the U.S. Department of the Interior (DOI). The Office of Investigations is also responsible for:

- Investigating employee misconduct;
- Scrutinizing allegations involving contractors, grantees, or other entities doing business with and receiving funds from DOI;
- Making recommendations to the DOI suspending and debarring official for administrative actions or compliance and ethics agreements; and
- Studying, evaluating, and analyzing DOI programs jointly with other enforcement organizations.



**445**  
Complaints  
Received

## CRIMINAL PROSECUTION ACTIVITIES



**547 Months**  
Jail time



**14**  
Convictions



**\$2,824,588.54**  
Criminal Penalties

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Cover Photo: Golden Gate Bridge seen from Crissy Field in the Presidio of San Francisco, CA.

## OUR OPERATING PRINCIPLES

**As the Office of Inspector General (OIG)** for the U.S. Department of the Interior (DOI), we provide independent oversight and promote excellence, integrity, and accountability within the programs, operations, and management of DOI by conducting audits, inspections, evaluations, and investigations.

We keep the Secretary and Congress informed of problems and deficiencies relating to the administration of DOI programs and operations. As a result of us fulfilling these responsibilities, Americans can expect greater accountability and integrity in Government program administration.

Our core values define a shared OIG way, guiding employee behavior and decisions at all levels. Adhering to these values—objectivity and independence, integrity, and getting results—we build a foundation to develop trustworthy information that improves DOI.

- **Objectivity and independence** define us and are the bedrock of our credibility. These concepts are closely related. Independence impairments impact objectivity. OIG and its employees must remain independent from undue outside influence and approach work with intellectual honesty.
- **Integrity** is a character trait as well as a way of doing business. By acting with integrity in all we do, we build trust and a reputation for producing actionable and accurate work.
- **Getting results** depends on individual and team efforts. We positively impact DOI by detecting fraud and other wrongdoing; deterring unethical behavior and preventing deleterious outcomes; confirming programs achieved intended results and were fiscally responsible; and highlighting effective practices.

## A Message From Deputy Inspector General Mary Kendall

I am pleased to submit this semiannual report detailing the successful work we completed from October 1, 2015, through March 31, 2016, to promote excellence, integrity, and accountability within the programs, operations, and management of the U.S. Department of the Interior (DOI).

Audit highlights in this report include a management advisory issued to the Bureau of Safety and Environmental Enforcement (BSEE) requiring BSEE to report specific milestones to us related to its reorganization so we can continue to monitor progress; an evaluation of the Office of Navajo and Hopi Indian Relocation (ONHIR), which found that ONHIR has an opportunity to expedite the completion of its active administrative appeals, as well as expedite and streamline its relocation process; and an evaluation of select information technology security controls, which revealed that DOI did not adequately protect sensitive data on thousands of laptop computers.

Our investigative work revealed unethical behavior by NPS Director Jon Jarvis, who published a book about NPS without consulting DOI's Ethics Office; and a Colorado rancher who admitted that most of the horses he adopted through the Bureau of Land Management's Wild Horse and Burro Program were sent to slaughter in Mexico.

In addition to our work on many performance audits, inspections, evaluations, and investigations, we also report here—for the first time in several years—on the important audits we completed of various contracts and grants awarded by DOI.

In total, these audits of various DOI bureaus identified almost \$3 million in questioned costs. More specifically, under a reimbursable agreement with the U.S. Fish and Wildlife Service (FWS), for the past 15 years, we have audited grants awarded to States and territories under FWS' Wildlife and Sport Fish Restoration Program. In the five States we audited during this reporting period, we identified more than \$700,000 in unsupported or unallowable costs and other program deficiencies.

Throughout the past 6 months, we also implemented a new policy to publicly post the results of every non-criminal investigation within 30 days of issuance to DOI, and the details of all criminal investigations when the case is closed. This new approach increases transparency of our work and enables Congress, the public, and stakeholder groups to see the scope and results of our investigative efforts. Since October 1, 2015, we have posted the results of 72 investigations—which includes investigations from previous reporting periods—and we will continue our efforts to ensure transparency.

We are proud of the work we completed in the first half of fiscal year 2016 that contributed to our mission to prevent fraud, waste, and mismanagement and improve the programs and operations of DOI. We look forward to continuing to provide objective and actionable reports to Congress, DOI and its bureaus, and our other customers and stakeholders.



Deputy Inspector General



# Reporting Highlights



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# Financial and Contract Audits

## Fiscal Year 2015 Financial Statement Audit Identified Internal Control Weaknesses

Under a contract issued by DOI and monitored by OIG, KPMG, an independent public accounting firm, audited DOI's fiscal year 2015 financial statements and found no issues. As such, KPMG issued an unmodified opinion.

KPMG did, however, identify two material internal control weaknesses:

- Controls over General Property, Plant, and Equipment

KPMG's review found that DOI did not design or implement policies and procedures to ensure that property, plant, and equipment was—

- properly supported by appropriate and retrievable accounting records;
- was properly capitalized;
- was classified as placed in service timely and accurately;
- was properly valued;
- was recorded timely;
- was reconciled and adjusted timely and consistently; and
- was assigned appropriate useful lives in the accounting system.

- Departmentwide Information Technology Controls

KPMG's review also found that DOI's information technology (IT) controls did not segregate duties across multiple financial systems and that terminated and separated employees maintained active user accounts to various departmental systems. The review also noted that software security patches were not implemented on a timely basis and that policies and procedures related to computer security incident response were outdated.

KPMG identified the issues related to IT controls as an instance of noncompliance with the Federal Financial Management Improvement Act of 1996, which establishes Federal financial systems requirements.

Under a separate contract issued by DOI and monitored by OIG, KPMG audited the financial statements of the Individual Indian Monies Trust Funds and the financial statements of the Tribal and Other Trust Funds managed by the Office of the Special Trustee for American Indians (OST) for fiscal year 2015. KPMG issued an unmodified opinion on the financial statements of the Individual Monies Trust Funds and a qualified opinion on the financial statements of the Tribal and Other Trust Funds. KPMG issued a qualified opinion because it could not satisfy itself as to the fairness of the tribal trust fund balances.

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## **Contract and Grant Audits Identified \$2 Million in Questioned Costs and Deficient Oversight**

We audited three recipients of contracts and grants awarded by DOI. These audits identified a potential cost savings to the Government of \$2 million. One audit also identified deficient oversight by the U.S. Geological Survey (USGS).

In one audit, we found that the recipient claimed costs of \$3,918,437 on a grant awarded by the Bureau of Land Management (BLM) through the Wild Free-Roaming Horses and Burros Act, which funds initiatives to control the wild horse population and increase the number of horses available for public adoption. We identified \$1,931,699 in questioned costs and determined that the recipient double billed for the salary of the Director and other employees, and claimed other unallowable costs incurred before and after the contract period.

We also found that the recipient's payroll system billings did not match the amount reported to BLM, nor did the employees' timesheets provide sufficient details to meet Federal regulations.

In another audit, the recipient claimed costs of \$8,927,787 on a contract awarded by the U.S. Geological Survey (USGS) to provide onsite technical support. We identified \$108,339 in questioned costs and found issues with the recipient's internal controls. We questioned labor costs as unallowable because the contractor could not provide sufficient documentation, such as timesheets, to substantiate the costs. We also found that the recipient billed for labor costs that were incurred outside the contractual period of performance.

We also identified travel costs that did not meet the Federal Travel Regulations. For example, we found that employee expense reports did not provide sufficient information to determine mileage traveled and that employees needed to provide points of travel, not general city locations, to verify accurate mileage. In addition, many of the claimed travel costs had no associated expense report. Lastly, we identified internal control weaknesses involving timekeeping, accounting, and billing systems, as well as deficiencies affecting timeliness and the accuracy of allocating and invoicing costs.

During this audit, we also found that USGS did not effectively review the recipient's invoices and supporting documentation, which resulted in the approval and payment of inadequate, unsupported invoices. We found that USGS did not follow its contractual obligations to review travel claims submitted for reimbursement as required by Federal regulations. In addition, the recipient failed to submit monthly invoices for costs incurred, and USGS did not follow up on this contractual obligation. We issued a management advisory to USGS recommending that it ensure that recipients submit all required documentation, verify USGS accounts receivable against recipients' accounts payable, standardize procedures for writing awards and modifications, and clarify existing or implement new policies and procedures regarding lodging. We did not receive a response from USGS during this reporting period.

Finally, in another audit, we found that the recipient claimed costs of \$1,305,533 on a Partial Termination for Convenience (PTC) issued by the Bureau of Reclamation (USBR). USBR awarded the contract to support crane modifications at the Grand Coulee Dam Third Power Plant. It then issued the PTC because it determined that the impact on time and costs would be too great if certain gantry crane modifications were completed. USBR executed the PTC in accordance with Federal Acquisition Regulations.

We could not complete the audit, which was requested by the USBR contracting officer, because the recipient would not provide us with the supporting documentation needed to verify the costs claimed. The recipient submitted its initial claim to USBR on an incorrect standard form, referred to missing forms, and included many costs that did not agree with its own summary cost schedule. During our audit, we repeatedly requested supporting documentation, but the recipient was unresponsive and failed to provide the necessary summary of costs by labor, labor rates, number of hours worked, and material and indirect costs. Therefore, we were unable to substantiate the claim of \$1,305,533.

DOI is working with all recipients to resolve these matters and recover costs.

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U.S. DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT



**Bureau of Land  
Management**

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# Bureau of Land Management

## Former BLM State Director and Deputy State Director Convicted for Theft and False Claims

We investigated conflict-of-interest allegations involving Larry R. Denny, the Bureau of Land Management (BLM) Eastern States Deputy State Director for Natural Resources. The allegations stated that while Denny worked at the BLM office in Springfield, VA, he also worked for the Chippewa Cree Tribe in Montana. A subsequent referral to OIG from BLM also alleged possible falsification of time and attendance records by Denny's supervisor, John Lyon, BLM State Director for Eastern States.

Our investigation determined that Denny had moved from Virginia to Montana in July 2012 and never returned to his BLM duty office in Springfield, VA. From July 2012 through March 2013, Denny did no work for the Federal Government, but he was compensated during this period for 1,472 hours of time, including regular hours, sick leave, annual leave, and Federal holidays.

We found that Lyon knowingly concealed Denny's absence by approving and submitting false time and attendance information, resulting in Denny receiving approximately \$112,000 in Federal wages, benefits, and a performance bonus. Lyon instructed other employees to not discuss or contact Denny and rebuffed any inquiries by subordinates as to Denny's whereabouts.

The investigation also revealed that during the same period, Denny worked for the Chippewa Cree Tribe and received approximately \$79,000 in compensation. Denny did not disclose his employment or compensation earned to BLM.

A Federal grand jury for the U.S. District Court for the District of Montana indicted Denny and Lyon for wire fraud, false claims, and theft of Government property. The grand jury also indicted Denny on one count of providing false statements.

Denny pleaded guilty to all charges. He was sentenced to 1 year and 1 day in prison, followed by 2 years of supervised release, and ordered to pay restitution totaling \$74,385.99, jointly and severally with Lyon. The DOI suspending and debaring official also debarred Denny from conducting business with the Federal Government until June 11, 2018.

Lyon pleaded not guilty, and at the conclusion of his trial, a jury convicted him of all charges. Lyon was sentenced to 6 months in prison, followed by 2 years of supervised release, and ordered to pay \$74,385.99 in restitution, jointly and severally with Denny. The DOI suspending and debarring official also debarred Lyon from conducting business with the Federal Government until June 11, 2018.

Both Denny and Lyon are no longer employed by the Federal Government. Denny retired before we started our investigation, and Lyon resigned during our investigation.

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## **Colorado Rancher and Livestock Hauler Admitted Wild Horses Were Sent To Slaughter**

We investigated Tom Davis, a Colorado rancher and livestock hauler, after receiving allegations that Davis purchased approximately 1,700 horses from the Bureau of Land Management's (BLM) Wild Horse and Burro Program (WH&B) between 2008 and 2012 and wrongfully sent the horses to slaughter.

BLM established WH&B to protect, manage, and control the wild horse population. Since establishment of the program, Congress passed several laws that provided for protection and management of these animals, including adoption and sales authority. In 2005, BLM implemented a policy that placed limitations on the amount of horses sold and required buyers to provide good homes and humane care to prevent the horses from being sent to slaughter.

During our investigation, Davis admitted that most of the horses he purchased from BLM went to slaughter, but he denied that he transported the horses directly to slaughter. He explained that prior to purchasing horses from WH&B, he made arrangements with buyers—whose names he would not disclose—who transported the horses to Mexico. Davis said WH&B employees asked him several times if he was selling the horses to slaughter. He reassured WH&B that he was not selling them to slaughter and reported on his applications that the horses were going to good homes. Davis also admitted that he knew he was not supposed to sell the horses to anyone that would take them to a slaughterhouse.

In addition, we found that BLM implemented and followed policy that contradicted legislation, by not destroying horses to maintain an ecological balance, and the 2004 Burns Amendment, by placing limitations on horse sales.

BLM officials stated that operating contrary to implemented legislation by limiting sales and not destroying horses has contributed to an unmanageable number of horses.

We referred this investigation to the U.S. Attorney's Office for the District of Colorado as well as the State of Colorado Conejos County District Attorney's Office, which declined civil and criminal prosecution.



*Wild horses roaming the McCullough Peaks herd management area in northern Wyoming.*

## **Wyoming BLM Office Did Not Shred Renewable Energy Bonds**

In response to a letter from the U.S. House of Representatives Committee on Natural Resources, we investigated whether bond documents for renewable energy projects were destroyed at the Bureau of Land Management's (BLM) Rawlins Field Office (RFO) in Wyoming. The May 1, 2015 letter alleged that bonding instruments for renewable energy projects "were reportedly removed from a safe and wrongfully shredded" and was based on information in a draft U.S. Government Accountability Office report.

We interviewed three staff members responsible for managing renewable energy projects at the RFO and reviewed the relevant renewable energy project files. We verified that RFO reviewed its 83 renewable energy case files and related bonding instruments.

RFO staff could not locate original documentation for 3 of the 21 bonds at RFO, but the files with missing bond documents were all from closed projects, and an RFO staff member recreated these files by obtaining copies of the bond documents from the project developers. We found no evidence to support the allegation that bonds were removed from a safe and wrongfully shredded.

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## **BLM State Director Did Not Pressure Employees To Grant a Land Right of Way as a Political Favor**

We investigated an anonymous complaint alleging that a Bureau of Land Management (BLM) State Director improperly assigned BLM resources to process a right-of-way application and pressured BLM employees to grant the right of way as a political favor for the State's governor.

During our investigation, we interviewed personnel identified in the complaint, witnesses, and subject matter experts from DOI and BLM. We also reviewed relevant documents and emails, and we found no evidence to support the complainant's allegations. We provided this report to the BLM Director for information only and did not require a response.



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# Bureau of Ocean Energy Management



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# Bureau of Ocean Energy Management

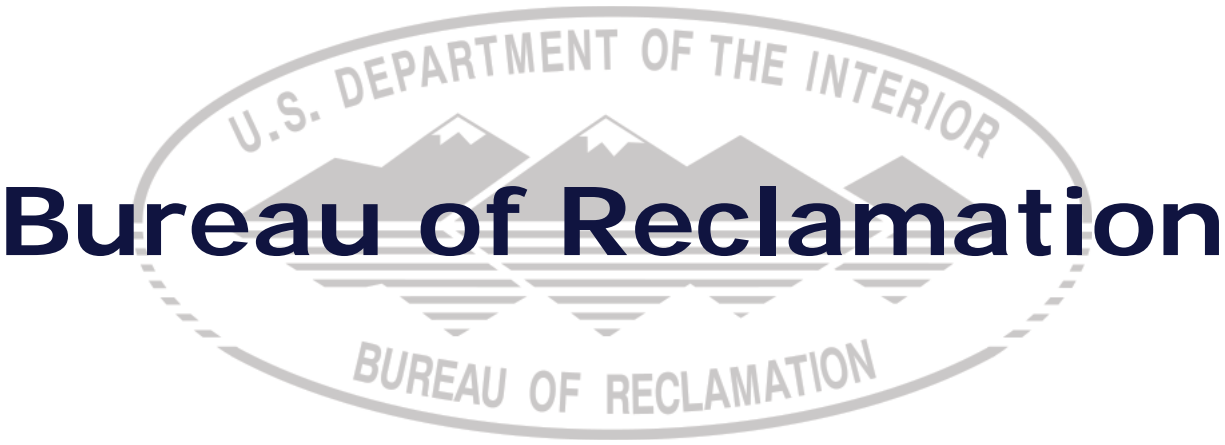
## **BOEM Managers Edited Draft SEIS But Did Not Alter Scientific Findings**

We investigated allegations of potential scientific integrity misconduct after receiving a complaint about the manipulation of scientific analysis and findings by a non-scientist manager for political purposes regarding the preparation of the second supplemental environmental impact statement (SEIS), drafted by the Bureau of Ocean Energy Management (BOEM), for Oil and Gas Lease Sale 193. We also investigated allegations that upper-level management established a timeline for completing the SEIS that ultimately compromised its quality, and that management established this timeline to benefit the oil and gas industry.

In 2007, the Minerals Management Service (currently known as BOEM) issued a final environmental impact statement (EIS) that examined a proposal for oil and gas leasing in the Chukchi Sea along the northwestern coast of Alaska. In February 2008, the Minerals Management Service held Chukchi Sea Outer Continental Shelf (OCS) Oil and Gas Lease Sale 193 (Lease Sale 193), generating \$2.6 billion in high bids for 487 leases. The EIS supporting the decision to hold Lease Sale 193 had been the subject of several rounds of litigation, and the U.S. District Court for the District of Alaska remanded the EIS to BOEM several times to prepare an SEIS.

On June 20, 2014, BOEM published in the Federal Register a Notice of Intent to prepare a second SEIS. BOEM released its draft SEIS for public comment on October 31, 2014, and the final SEIS on February 12, 2015. On March 31, 2015, DOI issued a Record of Decision affirming Lease Sale 193.

During our investigation, we compared the final SEIS with several draft versions. We determined that non-scientist managers edited the draft SEIS but did not change the scientific analysis or findings. We also found that upper management did establish an expedited timeline for completing the SEIS, but DOI Chief of Staff Tommy Beaudreau, who established the timeline, informed us he did not do so to benefit industry. During our investigation, several current and former BOEM employees told us that the expedited timeline resulted in departures or retirements of agency employees.



# Bureau of Reclamation

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# Bureau of Reclamation

## USBR Commissioner Did Not Violate Contracting Practices

We investigated an anonymous complaint alleging that while Estevan Lopez, now Commissioner of the Bureau of Reclamation (USBR), was the director of the New Mexico Interstate Stream Commission (ISC), he and his staff improperly awarded sole-source contracts using Federal funds to two contractors, selected because they would provide false and misleading study results to validate ISC's plans for a water diversion project on the Gila River.

The Federal funds in question are distributed annually to New Mexico and administered by ISC, per the Arizona Water Settlements Act (Pub. L. No. 108-451). Congress enacted this legislation in 2004 to settle numerous water rights claims and promote water development in Arizona and southwestern New Mexico. Since 2012, New Mexico has received \$9 million annually from USBR for water conservation and development purposes.

We reviewed ISC's acquisition paperwork, which indicated that the contractors were hired to conduct a range of studies that examined hydrology, the interconnectedness of surface and ground water, and the biology and morphology of the river. Although the complainant alleged that these were sole-source contracts, a review of the procurement documents revealed that they were competitively awarded. ISC issued requests for proposals and evaluated the subsequent bids before making the awards.

While we do not have the technical expertise to assess the accuracy of the science detailed in the contractors' reports, our investigation found no evidence of procurement manipulation, irregularities, or malfeasance regarding ISC's selection of the two contractors, and no evidence that any contract was awarded to obtain false or misleading study results. Moreover, commission members denied any illegal or inappropriate contracting practices at ISC. We also found that USBR has no authority, responsibility, control, or oversight of New Mexico's use of the Federal funds beyond transferring the funds to the State, per the authorizing legislation.

We provided our report to the Principal Deputy Assistant Secretary for Water and Science and the DOI Chief of Staff for information only and did not require a response.

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The logo for the Bureau of Safety and Environmental Enforcement (BSEE) is centered on the page. It consists of a large, light gray oval. Inside the oval, there is a stylized illustration of an offshore oil rig on the left and a crane on the right. The text "Bureau of Safety and Environmental Enforcement" is written in a light gray, sans-serif font across the middle of the oval. Overlaid on this logo is the main title of the document in a large, bold, dark blue font.

**Bureau of Safety and  
Environmental  
Enforcement**

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# Bureau of Safety and Environmental Enforcement

## **BSEE Has Not Implemented Its Incident Investigation Program**

In October 2015, we issued a management advisory to the Bureau of Safety and Environmental Enforcement (BSEE) as part of our ongoing efforts to monitor BSEE's implementation of its Incident Investigation program. In response to a now reinstated recommendation originally issued in our December 2010 report, "A New Horizon: Looking to the Future of the Bureau of Ocean Energy Management, Regulation and Enforcement," BSEE provides us with quarterly updates on its progress on implementing the program.

We originally recommended that BSEE implement an incident investigation program to dedicate full-time staff with the appropriate training to conduct incident investigations. In September 2011, DOI's Office of Financial Management (PFM) closed this recommendation after receiving an organization chart showing that BSEE had created and reorganized its incident investigation program. As such, in 2014, we initiated an evaluation into the program. We learned that BSEE had not established the program as reported and asked DOI to reinstate the recommendation.

During the survey phase of our evaluation, BSEE presented us with an initiative to realign its organization using the National Program Manager concept and requested that we suspend our evaluation until it completed the realignment. The concept, which follows a national program model, will coordinate headquarters policy development with field execution.

We agreed to suspend our evaluation and requested that BSEE provide us with quarterly updates on its progress. BSEE officials said they would update us on development and implementation of the Incident Investigation Program, which included, at a minimum, timelines and milestones for the next 2 years. We received BSEE's Management Council Action Plan showing that BSEE developed strategic implementation milestones for its National Program Manager Initiative, but BSEE did not provide target dates for the completion of those milestones. When we asked BSEE about specific milestones, it responded that it did not have a timeline but was developing its priorities. Milestone dates are necessary to pinpoint performance shortfalls, gaps, and any needed changes to future milestones, and without a specific timeline, we are concerned that BSEE might not timely implement its realignment initiative.

Therefore, we recommended that BSEE promptly develop an action plan for implementing the National Program Manager Initiative and to include timelines and responsible officials for major milestones associated with implementation.

BSEE agreed with our recommendation and said that it would formulate detailed fiscal year 2016 work plans, and that these work plans, which would include milestones and dates, will reflect a consistent approach to policy and procedure development that illustrates the National Program Manager model.

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## **Oil and Gas Company Did Not Falsify Training Certifications**

We investigated allegations that a private company in Louisiana falsified training course certificates for personnel who conduct oil and gas operations in the Gulf of Mexico. The allegations further stated that the private company failed to spend an adequate amount of time instructing its students on critical safety protocols.

During our investigation, we reviewed training records and consulted with Bureau of Safety and Environmental Enforcement (BSEE) officials regarding the regulations and safety training requirements for offshore operations. Regulations require companies and contractors involved in offshore oil and gas operations to maintain a safety training plan and ensure that employees receive safety training. The regulations do not, however, specify time requirements for safety training courses.



*Offshore oil rig in the Gulf of Mexico.*

We interviewed personnel who attended training provided by the private company, and everyone reported that all of their training certificates were true and accurate. We also toured the company's training facility, which appeared to have ample space and equipment. Company representatives reported that their instructors were certified by a third-party company. We consulted with the third-party certifier, who stated that they have a strict curriculum of safety courses and their certified instructors are evaluated and audited regularly.

We did not find any evidence that the company falsified training certifications as alleged. We provided a copy of the investigative report to BSEE for information only.





# Indian Affairs

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# Bureau of Indian Education

## **Inspections at BIE-Operated Schools Identified Areas for Improvement in Violence Prevention and Academic Achievement**

We conducted a series of inspections at 16 schools funded by the Bureau of Indian Education (BIE) to 1) determine the quality of safety measures in place to prevent violence against students and staff from internal and external threats, and 2) review programs in place to improve educational achievement. We identified several areas for improvement related to both violence prevention and academic achievement.

In the 2013-2014 school year, BIE funded approximately 185 schools that serve Indian student populations in 23 States. These included 119 day schools, 52 boarding schools, and 14 peripheral dormitories. BIE directly operated 54 schools, and the remaining 131 schools received BIE funds through grant agreements or contracts.

In the area of violence prevention and safety, we found the schools needed to improve emergency preparedness and security plans and improve how they conducted evacuation and lock-down drills. In addition, we found that schools needed to provide training on more violence prevention topics, and should also evaluate necessary physical safety measures and implement them as appropriate.

In the area of academic achievement, we found that several schools needed to complete or update their comprehensive needs assessments and assess the students' English language proficiency.

### *Violence Prevention*

In our violence prevention inspections, we reviewed school emergency plans, identified the training topics provided to students and staff to help reduce the risk of a violent incident, and observed evacuation and lock-down drills. We also examined the physical safety features in place at each school and compared them to a list of critical safety measures.

We found that schools needed to improve emergency preparedness and security plans and improve how they conducted evacuation and lock-down drills. We reviewed the school emergency plans against five key topic areas, including bomb threats, shootings, fights, hostage situations, and off-campus emergencies, and found that only four of the schools we visited had emergency plans that covered all five topics. We also observed evacuation drills at 10 of the schools and a lock-down drill at 8 schools. Three schools declined our request to conduct either drill, citing safety concerns based on inexperienced staff on hand to conduct the exercises. For the drills we did observe, we noted several opportunities for improvement, particularly related to lock-down drills.

We also determined that schools needed to provide training on more violence prevention topics. We identified training topics that should be provided at all BIE-funded schools to help reduce the risk of a violent incident including: conflict resolution, anger management, bully prevention, suicide prevention, drugs, gangs, and crises or emergency plans. Seven of the schools we visited provided training on all topics we identified. Six schools covered conflict resolution, anger management, suicide prevention, and gangs in their training with students, and eight schools provided training on the same subjects to staff. All 16 schools provided bullying prevention training.

In addition, we found that schools should evaluate necessary physical safety measures (e.g., fencing, hall monitors, and classroom intercom systems) and implement them as appropriate. We used 18 safety measures while inspecting each school's physical safety features during our site visits, identifying which features each school had in place and which features were missing. We found that 4 sites had 15 or more safety features in place, increasing the likelihood of ensuring student and staff safety. We found, however, that six schools had nine or less features in place. We encouraged schools to evaluate the list of critical safety measures and determine what combination worked for their particular campus to ensure the safety of staff and students from internal and external threats, and to work toward implementing those measures.

### *Academic Achievement*

In our inspections of academic achievement, we determined whether each of the 16 schools incorporated cultural awareness and language assessment into their education programs and completed a comprehensive needs assessment as required by the No Child Left Behind Act (which was superseded by the Every Student Succeeds Act of 2015). While many schools already provide a cultural or language component for students, we found that several schools needed to complete or update their comprehensive needs assessments and assess the students' English language proficiency.

We determined that 12 of the 16 schools provided students with some form of cultural learning or language component, whether by integrating tribal culture and language concepts into normal coursework, providing specific culture or language classes or programs, or offering students community-sponsored cultural courses on school grounds. At two other schools, we could not confirm if actual cultural or language courses were offered, but both schools had designated cultural staff, presumably to assist students with cultural learning.

We also asked school officials about their English Language Learner (ELL) proficiency testing, which, at the time of our review, was required by all States.

While national policy allows educational instruction in a native language according to a school's preference, all assessments to measure academic achievement are given in English. The ELL assessment has sections in reading, writing, speaking, and listening comprehension that help educators identify students who—though fluent in conversational English—may not have mastered the academic English or terminology used in assessments and STEM (science, technology, engineering, and mathematics) programs. Of the schools we visited, 10 assessed whether students entering their school were English Language Learners. We primarily recommended that schools assess students' English language proficiency as required and develop plans to meet the academic needs of each student identified as an ELL on the formal assessments.

Although some school officials were not familiar with the term "comprehensive needs assessment," school officials seemed to know their school's needs and had taken steps to document them in some general form. Eleven of the 16 schools we visited provided us with an updated assessment for the 2013-2014 school year. We encouraged the schools to take a more holistic approach to their comprehensive needs assessments, and primarily recommended steps for completing or updating a school-specific comprehensive needs assessment.

We provided each school we visited with two reports documenting our findings and recommendations on each topic. Six schools responded to our academic achievement recommendations, and eight schools responded to our violence prevention recommendations. The schools provided information on the actions taken or planned for implementation.



*Sicangu Owayawa Oti had a study hall with tutors available for basic subjects, as well as an individual who assisted students with reading.*

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# Office of Navajo and Hopi Indian Relocation

## Opportunity Exists To Expedite and Streamline Active Appeals and Relocation Process for Navajo and Hopi Indians

At the request of the House Committee on Appropriations' Subcommittee on Interior, Environment, and Related Agencies, we evaluated the Office of Navajo and Hopi Indian Relocation's (ONHIR) work to determine whether opportunities exist to expedite and streamline the administrative appeals and relocation processes. We found that ONHIR could expedite the completion of its active administrative appeals, as well as expedite and streamline its relocation process.

In 1974, Congress passed legislation requiring the relocation of Navajo and Hopi Indians who were living on each other's reservation lands in Arizona. The law put a 5-year timeframe on the relocation effort, and while all Navajo and Hopi households have now moved off the lands partitioned to each other, a significant amount of work remains to complete the relocation program. For example, some applicants determined ineligible for relocation benefits, which primarily include a provision for new housing, can appeal the decision; a substantial number of such appeals are pending. In addition, applicants determined eligible for these benefits await the availability of funds in order to contract for home construction or to purchase a home. ONHIR manages the administrative appeals process for applicants who are denied relocation benefits, which includes contracting the services of an independent hearing officer (IHO) and outside counsel.

We did not identify any opportunities to streamline the administrative appeals process. We did, however, find that ONHIR could expedite completion of its active administrative appeals by the end of fiscal year 2018 if—

1. the IHO maintains the current administrative appeals workload;
2. the attorneys representing applicants and self-represented applicants with administrative appeals cooperate with the administrative hearing process; and
3. there is no turnover in ONHIR's key administrative staff.

We also found that ONHIR can expedite the on-reservation relocation process and streamline the overall relocation process. Specifically, the on-reservation relocation process can benefit from implementing provisions of the HEARTH Act (Helping Expedite and Advance Responsible Tribal Home Ownership) of 2012 to allow the Navajo Nation to lease its land without seeking approval from the Bureau of Indian Affairs.

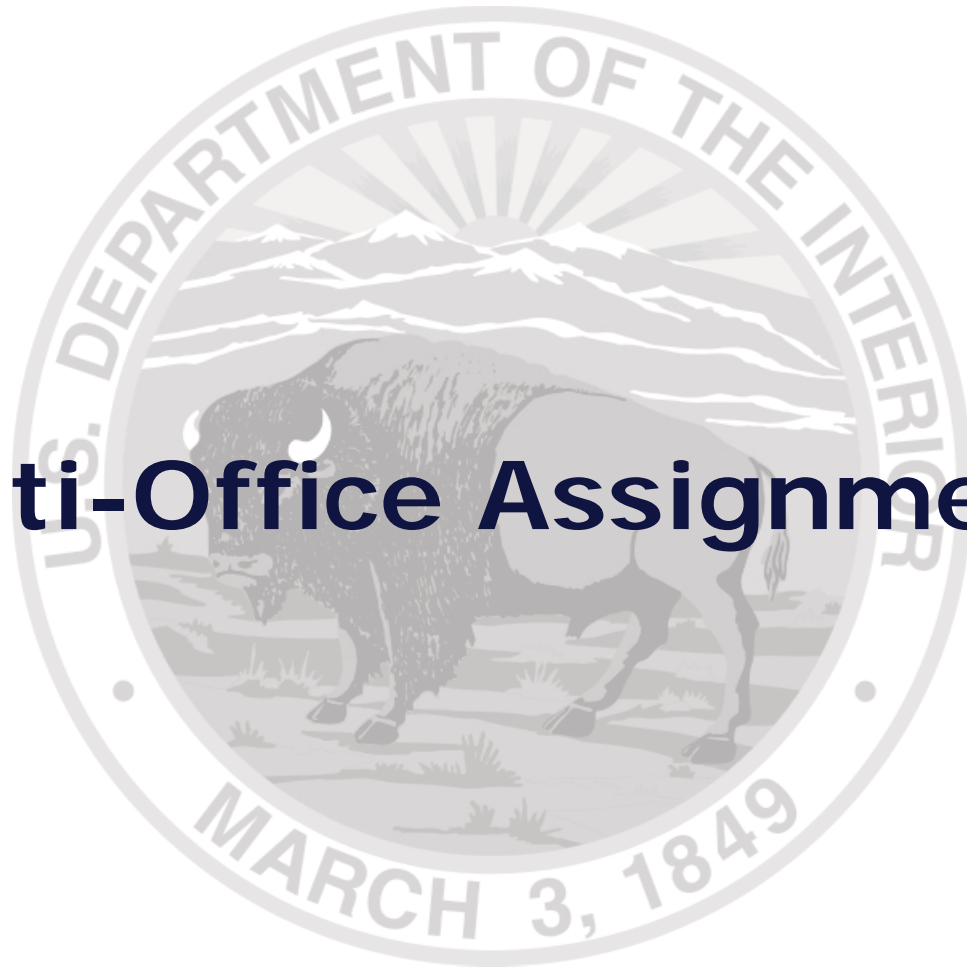
In addition, ONHIR can streamline the overall relocation process (on-reservation, off-reservation, and New Lands relocations) by establishing reasonable timeframes for its clients to complete specific steps, such as the submission of relocation plans and other required documents.

The subcommittee also asked us to look into complaints from relocated households in the Navajo Nation's New Lands communities and the Hopi Tribe's Spider Mound community, located in the Four Corners Area of the United States. We did not corroborate the Spider Mound community complaints, but we confirmed legitimate concerns in the East Mill Subdivision of New Lands. For example, several East Mill relocation homes have suffered cracks and foundation problems because of ground settlement. ONHIR has done significant work to repair damaged homes and has relocated four households. Ground settlement issues will likely continue to afflict the East Mill area, so further mitigation measures—and possibly more relocations—may be needed to ensure the health and safety of the East Mill residents.

Streamlining or accelerating the administrative appeals and relocation processes alone will not complete the relocation program because certified applicants are currently waiting, on average, more than 4 years to relocate. Our report provided information to help the subcommittee, ONHIR, and other cognizant officials make decisions aimed at expediting the completion of ONHIR's work.

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# Multi-Office Assignments



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## Multi-Office Assignments

### **Oil and Gas Company Corrected Inaccurate Oil and Gas Operations Reports**

At the Bureau of Land Management's (BLM) request, we investigated an oil and gas company operating on Federal leases in Wyoming for knowingly submitting inaccurate production reports to the Office of Natural Resources Revenue (ONRR).

During our initial meeting with company representatives, they reported that while preparing for the meeting with us, they discovered that the company had submitted inaccurate Oil and Gas Operations Reports (OGORs) to ONRR. The company representatives also admitted that in 2011, they took unallowable beneficial use deductions for a compressor station that was no longer within the boundaries of the Federal lease.

The company cooperated with the investigation, and it corrected the OGORs previously submitted to ONRR. We reviewed a sample of the company's records and confirmed that the reported production volumes corresponded to the source documentation, which supported the company's efforts to correct its reporting problems.

We provided our report to BLM and ONRR for appropriate administrative action.





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# National Park Service

## OIG and NPS Disagree on Use of Construction Account To Pay Nonconstruction Expenses

In 2014, we completed an evaluation at the National Park Service (NPS) that found that NPS violated appropriations law by using an inappropriate account as a funding mechanism for activities performed under reimbursable interagency agreements. As such, we initiated an inspection into NPS' practice of using its construction account to fund these activities. We sampled 21 NPS interagency agreements under which NPS funded its reimbursable activities from its construction account, and we could not determine a clear construction purpose for 17 of those agreements.

The activities (or services) performed under these interagency agreements are reimbursable, meaning that NPS expenses the initial cost for another agency and then is reimbursed by that agency. Our 2014 evaluation, which focused on the interagency agreements between NPS and the Presidio Trust (Trust) of San Francisco, CA, found that NPS violated appropriations law by using its construction account to temporarily fund the law enforcement services that the U.S. Park Police provides to the Trust.

Appropriations law states that construction account funding is to be used only for "construction, improvements, repair, or replacement of physical facilities." NPS and the Office of the Solicitor stated that, under the Economy Act, use of the construction account to fund reimbursable services to the Trust is appropriate. The Economy Act, however, does not allow a performing agency to disregard the purpose of its appropriations. Further, in the case that an agency has more than one appropriation, the agency must use the appropriation most relevant to the services it intends to provide. We disagreed with NPS' argument and, based on NPS' response to our evaluation, we considered our recommendations relating to its use of the construction account unresolved.

We initiated this inspection to determine the pervasiveness of the issues our evaluation identified. We sampled 21 NPS interagency agreements under which NPS funded its reimbursable activities from its construction account to determine whether the expenses charged to the construction account were construction related. We could not identify a clear construction purpose for 17 of those agreements. As a result, we questioned NPS' reimbursement process and whether a valid construction purpose existed for those agreements.

NPS maintained that using its construction account is appropriate and provides NPS a method to fund the reimbursable agreements within its current appropriations accounts. We believe this funding mechanism does not meet the purpose statute because NPS uses the construction account to pay nonconstruction expenses and treats its account as if it were a revolving fund.

We recommended that NPS work with the U.S. Office of Management and Budget and Congress to seek funding alternatives that could include adding language to its appropriations that authorizes its established practice of using its construction account to fund its reimbursable work, or statutory authority to establish a revolving fund to finance reimbursable work for other agencies. If NPS could not obtain a funding alternative, we recommended that it discontinue using its construction account for reimbursable agreements without a valid construction activity. NPS responded to our recommendations, stating that it has the legal authority to use its construction account to temporarily fund reimbursable activities. We disagree with NPS regarding the legality of its use of the construction account to pay nonconstruction expenses.

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## **NPS Director Did Not Request Ethics Advice Before Publishing Book About National Parks**

We investigated potential ethical concerns surrounding a book that Jonathan Jarvis, Director of the National Park Service (NPS), wrote and had published without consulting DOI's Ethics Office. The book, titled "Guidebook to American Values and Our National Parks," was published by Eastern National, a nonprofit that has cooperating agreements with NPS to operate stores and sell merchandise in numerous national parks.

We focused our investigation on whether Jarvis used his public office for private gain by seeking a book deal with Eastern National and whether he misused any U.S. Government resources in the process. We also examined Jarvis' involvement in Eastern National matters at NPS around the time of his book deal, and we reviewed Jarvis' decision not to seek advice from the Ethics Office on the book.

We found that although Jarvis wrote in a note to DOI Secretary Sally Jewell that Eastern National had asked him to write the book, it was in fact Jarvis who contacted Eastern National to see if it would be interested in publishing the book. We found that Eastern National did not pay Jarvis to write his book, but he did ask that any "royalty" he would be due as the author go to the National Park Foundation, a nonprofit that fundraises for NPS, and that the book's copyright be filed in his name so that he could later donate it to the Foundation. In addition, Jarvis approved Eastern National's use of NPS' "arrowhead" logo on the book's cover, believing that one of the nonprofit's two agreements with NPS allowed this; neither agreement did, however. Jarvis stated that he purposely tried to downplay his Government position in the book by limiting the use of his title and using a photo of himself in street clothes instead of his NPS uniform. He wrote the book on his Government iPad, but we found for the most part his work on the book occurred outside office hours.

While Jarvis renewed both of Eastern National's cooperating agreements with NPS around the time he was discussing his book with Eastern National officials, NPS staff said that the book did not influence the agreements.

Jarvis stated that he knew he risked "[getting] in trouble" by not seeking advice on his book from the Ethics Office. He felt, however, that if he had involved the Ethics Office and other DOI officials, the book would probably never have been published due to what he viewed as a lengthy approval process and some content that he believed was controversial.

We provided our investigative findings to Deputy Secretary Michael Connor for review and action. Connor responded that he issued Jarvis a written reprimand, relieved Jarvis of his responsibility to manage NPS' ethics program for the remainder of his tenure as NPS Director, and required him to attend monthly ethics training from the Director of DOI's Ethics Office for the remainder of his tenure as NPS Director. Connor also stated that he personally met with Jarvis regarding the matter and was satisfied that Jarvis fully understood the unacceptable nature of his conduct.

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## **Alleged Misuse of Government Charge Cards by NPS Staff at Canaveral National Seashore**

We investigated allegations that employees at the Canaveral National Seashore (CNS) violated the Federal Acquisition Regulation (FAR) by making split purchases with Government charge cards, which exceeded the micropurchase thresholds, to avoid fair and open contracting procedures.

We found that CNS staff remodeled the Visitor's Entrance Fee Booth in the Playalinda District through a series of micropurchases directed by the Facilities Manager. This type of construction project, however, required formal contracting procedures under the FAR. We found no evidence to indicate that the Facilities Manager attempted to calculate the cumulative cost of the repairs and develop a formal Statement of Work for a consolidated construction project. Further, no one at CNS attempted to consult with the supporting contracting office for guidance.

We also discovered that a local vendor split up the total cost of equipping a law enforcement patrol vehicle into a series of credit card purchases, which otherwise would have exceeded the micropurchase threshold. The vendor invoiced the work in several separate billings, even though it conducted all of the work at one time. Neither CNS personnel nor the vendor could explain why the work was invoiced separately.

We did not identify any criminal violations during this investigation, so we provided our findings to the National Park Service for review and action.



*The Seminole Rest boardwalk trail in Canaveral National Seashore in Titusville, FL.*

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The seal of the U.S. Department of the Interior is centered in the background. It features a bison in the foreground, a horse to its right, and a mountain range with a sunburst above. The text "U.S. DEPARTMENT OF THE INTERIOR" is arched across the top, and "MARCH 3, 1849" is arched across the bottom.

# Office of the Chief Information Officer

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# Office of the Chief Information Officer

## **DOI Failed To Adequately Protect Sensitive Data on Thousands of Laptop Computers**

DOI has issued tens of thousands of mobile computing devices to its employees and contractors, including a large number of laptop computers. Many of these laptops process and store sensitive data related to bureau programs and operations and also contain personally identifiable information (PII) such as Social Security numbers for DOI employees. In addition to sensitive data on departmental programs and PII, laptops also store cached usernames and passwords used to access DOI computer networks and systems. Thus, DOI must implement measures to protect sensitive data on its laptops from unauthorized access in the event that devices are lost or stolen.

We evaluated select information technology (IT) security controls to determine whether the controls were implemented correctly, operating as intended, and producing the desired outcome of protecting DOI computer systems and data. We found that nearly 15,000 encrypted laptop computers did not authenticate the user prior to decrypting the system's file structure and booting the operating system, which is known as pre-boot authentication. This could potentially expose any sensitive data stored on them to unauthorized access if the laptops were lost or stolen.

Moreover, the extent of a potential IT security breach is not limited to sensitive data on a lost or stolen laptop. For example, a cyber attacker in control of one of the thousands of laptops could potentially use data stored on it, such as cached usernames and passwords, to gain unauthorized access to DOI's computer networks and systems. Once inside DOI's computer network, the cyber attacker could potentially disrupt bureau operations and steal sensitive data. Thus, DOI's ineffective implementation of full-disk encryption (when an entire disk is encrypted instead of specific files) could not only result in the loss of sensitive data on a compromised laptop, but also could be used to breach bureau networks and systems, potentially resulting in severe adverse effects on DOI's IT assets, operations, and individuals. This control deficiency occurred because bureau officials changed the default setting on DOI's encryption software from pre- to post-boot authentication without conducting a valid risk assessment.

In August 2015, we briefed DOI's Office of the Chief Information Officer (OCIO) and the Bureau Assistant Directors of Information Resources to introduce this finding and to request additional information regarding the extent of the condition of DOI's laptop computers and possible impact of the finding. The briefing included detailed information regarding the processes and tools we used to successfully decrypt sample hardware provided by DOI. In response, DOI reported that 14,426 of 40,695 (35 percent) laptops across all bureaus and offices were not configured to require pre-boot authentication. Over the last 3 years, DOI has documented 64 incidents in which laptop drives were lost or stolen without pre-boot authentication enforcement. As of November 16, 2015, DOI had reduced the number of misconfigured laptops to 11,593.

We recommended that DOI's Chief Information Officer mandate the use of pre-boot authentication on all laptops and implement a monitoring and enforcement program that mitigates noncompliant systems. OCIO agreed with our recommendation and immediately developed and distributed new policies to mandate and monitor pre-boot authentication status. All bureaus and offices are now required to configure devices to use Personal Identity Verification (PIV) smartcards for pre-boot authentication. OCIO has received action plans from all bureaus and offices, and is monitoring progress on a regular basis.

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## **Former IBC IT Specialist Convicted of Computer Intrusion**

We investigated allegations that an unknown individual remotely logged into a DOI Interior Business Center (IBC) system administrator's computer located in Sierra Vista, AZ. The intruder remotely accessed another IBC employee's account and gained access to an unknown number of personnel documents.

We found that Dana Beach, a retired IBC Information Technology (IT) Specialist, accessed the IBC network without authorization seven times after her retirement. Beach gained access by using a current system administrator's password. The system administrator, a former colleague, had previously shared his password with her. We also found that Beach, while still employed by IBC, exceeded her authorization by accessing stored communications 17 times. Beach told us she accessed the network to read correspondence amongst her colleagues, who she felt were "targeting her."



We also found that the system administrator shared his password with Beach on a regular basis and maintained a list of IBC employees' passwords in violation of DOI policy. We could not determine that the system administrator had any knowledge of Beach's computer intrusions.

On August 4, 2015, Beach pleaded guilty to one charge of computer intrusion, a misdemeanor, in the U.S. District Court for the District of Arizona. The court ordered restitution and 2 years of probation. Beach was also prohibited from Federal employment and debarred from participating in Federal business until October 13, 2018. The system administrator was issued a letter of reprimand for sharing his administrative password.

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# Office of the Secretary



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# Office of the Secretary

## **Energy Management and Public Safety Among DOI's Top Management and Performance Challenges for Fiscal Year 2015**

We annually determine DOI's most significant management and performance challenges, as required by the Reports Consolidation Act of 2000, to bring attention to areas of need throughout DOI and to shed light on issues for Congress and the public. The challenges we identified reflect those that we consider significant to departmental efforts to promote economy, efficiency, and effectiveness in its bureaus' management and operations.

For fiscal year 2015, we identified nine challenge areas:

- energy management
- climate change
- information technology
- water programs
- responsibility to American Indians and Insular Areas
- acquisition and financial assistance
- disaster response
- operational efficiencies
- public safety

We identified issues within each challenge area that are critical to the management or performance of DOI operations. The challenge areas encompass both the vulnerabilities that we have identified for DOI over recent years and the emerging issues that DOI will face in coming years. While we focused specifically on DOI, certain cross-cutting issues may extend beyond DOI to all levels of Government, or have an impact within the private sector.

We identified these challenge areas based on specific OIG and U.S. Government Accountability Office (GAO) reviews and other reports, as well as our knowledge of DOI's programs and operations. Each area is connected to DOI's mission, includes large expenditures, requires continuous management improvements, and involves significant fiduciary relationships.

We remain committed to focusing our resources on the issues related to these challenges to ensure greater accountability, promote efficiency and economy in operations, and provide effective oversight of the activities that embody DOI's mission.

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## **Investigation into Former Assistant Secretary's Post-Employment Communications Revealed Apparent Violations**

We investigated former DOI Assistant Secretary for Water and Science Anne Castle based on information submitted by DOI's designated ethics official. The official reported that Castle, now an employee of the nonprofit S.D. Bechtel Jr. Foundation, may have had communications with U.S. Geological Survey (USGS) employees that violated restrictions against former Federal employees contacting current employees and requesting that they take official action.

We found that less than 1 year after she left DOI, Castle emailed several DOI employees about the Foundation and participated in a conference call with DOI and Foundation employees. We also learned that a USGS hydrologist attended a meeting that Castle was participating in with non-Federal representatives from a regional water council, although Castle did not know that he would be present.

It appeared that Castle's emails violated the prohibition against former Federal officials contacting employees from their previous agency. Both Castle and a DOI deputy solicitor stated in their interviews, however, that they felt Castle had received unclear ethics advice from the DOI attorney-advisor she consulted with after she began working for the Foundation.

We provided this report to DOI Chief of Staff Tommy Beaudreau for any action he deemed appropriate.

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## Investigation Revealed Errors in DOI Official's Travel and Expenses

We investigated allegations that an official working in DOI's Office of the Secretary extended his work-related travel over weekends without authorization. He also allegedly received a hotel reimbursement in September 2014 for personal travel, upgraded his seat on a flight without prior approval, and used his Government travel/purchase card to pay for personal taxi rides. We were further told that the official received business line authority on his Government credit card simply because he wanted to obtain Internet access during flights.

We found instances when the official did travel over weekends for events with Secretary of the Interior Sally Jewell, but we did not find evidence of any impropriety. We found that for the September 2014 trip, the official received the correct hotel reimbursement. We also found that he did upgrade a seat on a flight in January 2015 to an economy-plus seat without prior approval. He charged \$65.81 to his personal credit card for the upgrade and later received reimbursement. Per DOI policy, bureaus have discretion to allow this type of upgrade, but they should be preapproved.

The official also charged \$143.43 in personal taxi expenses on his Government credit card over the course of 2 months. He self-reported the charges, which he said were inadvertent, and had them placed on his personal credit card.

Finally, we confirmed that the official received business line authority because he wanted to use his Government credit card to obtain Wi-Fi access during flights instead of using his personal credit card and seeking reimbursement. The Office of the Secretary's Office of Financial Management later discovered that he had signed up for a monthly inflight Wi-Fi charge, and his business line authority was suspended. The official claimed that signing up for this charge was unintentional.

We provided this report to DOI Chief of Staff Tommy Beaudreau for any action he deemed appropriate.

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## **Former Special Assistant Misused Government Credit Card**

We investigated an allegation that a former special assistant assigned to the Office of the Secretary of the Interior improperly charged \$1,107.66 on her U.S. Government credit card for personal taxi charges while she worked at DOI.

Our investigation revealed that between 2013 and 2015, the special assistant violated DOI policy by charging a total of \$1,107.66 to her Government credit card to pay for personal taxi rides that were not associated with Government travel or business. According to the Interim DOI Integrated Charge Card Program Policy Manual, dated November 24, 2008, cardholders are responsible for ensuring they use their charge cards “only for official authorized purposes” and “only in conjunction with official Government travel.”

The special assistant resigned from DOI before we closed our investigation, and we learned that she repaid the taxi charges in full before she left. We provided this report to DOI for information only.



# **U.S. Fish and Wildlife Service**

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# U.S. Fish and Wildlife Service

## **Audits of Wildlife and Sport Fish Grants Identified Potential Savings and Program Improvements**

Through its Wildlife and Sport Fish Restoration Program (WSFR), the U.S. Fish and Wildlife Service (FWS) awards grants to States and territories that finance up to 75 percent (100 percent in territories) of sponsored projects, such as site development for boating access or the acquisition and management of natural habitats for game species.

Under a reimbursable agreement with FWS, we audit all States and territories over a 5-year cycle required by Federal law. In the five audits reported during this semiannual period, we identified more than \$700,000 in unsupported or unallowable costs. We also noted a number of concerns about control over WSFR resources.

We found one recipient agency, the State of Alabama's Marine Resources Division, corrected several findings from a previous audit, and currently complied with applicable grant accounting and regulatory requirements.

We identified various issues or concerns with the four other entities we audited. FWS is working with these States and territories to resolve the matters.

### **American Samoa Department of Marine and Wildlife Resources**

In this audit, we questioned \$221,216, and noted issues with inadequate financial management, improper charges, and unreported program income.

#### *Inadequate Financial Management*

The American Samoa Government's claims for reimbursement of grant expenditures exceeded costs recorded in its financial management system. As a result, we questioned \$56,107 in unsupported costs. In addition, we questioned \$1,441 due to an inaccurate financial report.

#### *Improper Charges (Out-of-Period or Unrelated to Grant)*

We found a variety of expenditures that: (1) were not adequately documented, (2) were unrelated to approved grants, or (3) were incurred outside the authorized grant period. We therefore questioned \$100,125 as unsupported and an additional \$53,210 as unallowable.



### *Unreported Program Income*

The American Samoa Government did not fully report income generated through its grant-supported boating access facilities. These monies should have been spent for grant purposes before requesting additional financial assistance. As a result of the under-reporting, FWS processed excess grant reimbursements totaling \$10,333.

### **State of West Virginia Division of Natural Resources**

In this audit, we questioned \$417,574, and identified issues with inadequate documentation of volunteer hours used as match, improper charges, procurement rules, improper use of real property, loss of control of license revenue, unreported program income, and inadequate cash management.

#### *Inadequate Documentation of Volunteer Hours Used as Match*

The West Virginia Division of Natural Resources cited the value of volunteer hours as State matching contributions under the WSFR sub-program for hunter education. Due to systemic issues with the quality of documentation, we questioned \$295,812 as unsupported contributions.

#### *Improper Charges (Unrelated to Grant)*

Due to improper timekeeping practices, we questioned \$99,164 in labor expenses that were not properly allocated among WSFR grants and other projects.

#### *Procurement Rules Circumvented*

We questioned \$22,598 in charges related to a State employee who circumvented procurement controls and paid for services from two companies operated by a family member. The individual's employment was terminated. After pleading guilty to a State felony charge relating to the misuse of his official purchase card, he was sentenced to 2 years of probation.

#### *Improper Use of Real Property*

We found that lands purchased with hunting or fishing license revenues—lands that should be protected for wildlife purposes in accordance with State law and Federal regulations—had been developed with swimming pools and other amenities to benefit the State's Parks and Recreation Section.

*Loss of Control of License Revenue*

Under WSFR regulations, hunting and fishing license revenues are to remain within the control of the State fish and wildlife agency. In West Virginia, we found that some funds had been transferred to the State Conservation Committee under an interagency agreement relating to water and soil projects. More than 1 year after the Division of Natural Resources stopped using services under the agreement, it was unclear how much license funding should be returned or whether any interest had accrued.

*Unreported Program Income*

The State of West Virginia failed to report \$11,950 in lease revenues relating to grant-supported lands. These monies should be expended for grant purposes prior to any additional drawdown. In response to our audit report, West Virginia agreed to correct its report and offset the program income in its current WSFR grants. In addition, it will develop and implement procedures to verify the accuracy of program income in future reports.

*Inadequate Cash Management*

We found that the Division of Natural Resources did not comply with the State's "Cash Receipts Handbook for West Virginia Spending Units," despite collecting more than \$20,000 annually in campsite fees. In fact, the Division had no written procedures to guide employees on how to safeguard cash and checks collected at 19 wildlife management areas.

**Commonwealth of Massachusetts Division of Fisheries and Wildlife**

In this audit, we did not question any costs, but we identified issues with improper use of real property.

*Improper Use of Real Property*

The Massachusetts Division of Fisheries and Wildlife generally complied with financial requirements of its WSFR grants. We found, however, concerns relating to its management of grant-funded real property. In one particular instance, a motorcycle club was operating on a protected wildlife management area acquired with WSFR participation in 1999.

## **Commonwealth of Massachusetts Division of Marine Fisheries**

In this audit, we questioned \$121,168, and identified issues with improper charges.

### *Improper Charges (Direct and Indirect Costs)*

The Massachusetts Division of Marine Fisheries overcharged FWS by \$63,597 for labor expenses that were reported both as direct charges and as part of the indirect cost pool.

### *Improper Charges (Excessive Overtime)*

We questioned \$57,571 in overtime compensation charged to two WSFR grants in which claimed costs did not conform to Massachusetts General Laws or Federal regulations.

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## **FWS Employees Communicated With Ducks Unlimited Regarding Pending Legislation**

We investigated a complaint from Congressman Walter B. Jones, Jr. alleging that a U.S. Fish and Wildlife Service (FWS) employee, the employee's supervisor, and other FWS employees engaged in activities that violated anti-lobbying restrictions during Congress' consideration of a bill introduced in 2012, but never enacted, entitled the "Corolla Wild Horses Protection Act." Representative Jones, who sponsored the bill, also provided us the response he received from FWS after previously expressing his concerns to FWS.

During our investigation, the FWS employee and his supervisor acknowledged communicating with Ducks Unlimited (DU) about the bill. Both said that DU initiated the communication but that they knew that DU intended to write a letter to the Senate opposing the legislation using the information provided by the FWS employees. Our investigation also determined that FWS local and regional officials knew about these communications on or around the times that the employee and his supervisor made them.

We found that a member of FWS' External Affairs staff drafted a majority of FWS' response to Representative Jones, with legal guidance and input from a former special assistant to the Assistant Secretary for Fish and Wildlife and Parks who consulted with GAO and determined that the email communications violated the anti-lobbying provisions contained in the 2012 Department of the Interior and Related Agencies Appropriations Act.

We presented this case to the Public Integrity Section within the U.S. Department of Justice (DOJ), which is designated in the United States Attorney's Manual as responsible for prosecution of violations of lobbying with appropriated moneys. We also presented this case to the U.S. Attorney's Office (USAO) for the Eastern District of North Carolina. DOJ and the USAO expressed no interest in pursuing the matter.



*An elusive King Rail, which prefers the wetland habitat on the eastern coast of North Carolina.*



# Appendices

## AUDITS STATISTICAL HIGHLIGHTS

### Audit, Inspection, and Evaluation Activities

Reports Issued	38
Performance Audits, Financial Audits, Evaluations, Inspections, and Verifications	22
Contract and Grant Audits	8
Other Report Types <sup>1</sup>	8
 Audit, Inspection, and Evaluation Impacts	
Total Monetary Impacts	\$2,811,946
Questioned Costs (includes unsupported costs)	\$2,789,663
Recommendations That Funds Be Put to Better Use	\$22,283
 Audit, Inspection, and Evaluation Recommendations Made	199
Audit, Inspection, and Evaluation Recommendations Closed	77

<sup>1</sup> Other report types include management advisories, special projects, and other types of reports that are not classified as audits, inspections, or evaluations.

## INVESTIGATIONS STATISTICAL HIGHLIGHTS

### Investigative Activities

Cases Closed	177
Cases Opened	190
Complaints Received From All Sources	445

### Criminal Prosecution Activities

Indictments/Informations	17
Convictions	14
Sentencings	17
Jail	547 months
Probation	438 months
Community Service	3: 1,340 hours
Criminal Penalties	\$2,824,588.54
Asset Forfeiture	\$0
Criminal Matters Referred for Prosecution	29
Criminal Matters Declined This Period	17

### Civil Investigative Activities

Civil Referrals	6
Civil Declinations	5
Civil Settlements	\$0
Civil Recoveries	\$0

### Administrative Investigative Activities

Personnel Suspensions	1: 14 days
Reprimands/Counseling	9
Resignations	2
Removals	0
Retirements/Transfers	0
General Policy Actions	21
Contractor/Participant Suspensions	3
Contractor/Participant Debarments	17

## REPORTS ISSUED

This listing includes all reports issued by the Office of Audits, Inspections, and Evaluations during the 6-month reporting period that ended March 31, 2016. 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, Inspections, and Evaluations

#### *Bureau of Land Management*

**2015-EAU-037**

The Bureau of Land Management's Determination Processes for Wind Energy Projects Proposed on Public Lands (12/23/2015)

**2015-EAU-057**

Bureau of Land Management's Management of Private Acquired Leases (12/11/2015)

#### *Indian Affairs*

**2015-WR-012**

Bureau of Indian Affairs Funded and/or Operated Detention Programs (02/11/2016)

**C-IS-BIE-0020-2014**

Review of Academic Achievement at the Cherokee Central Schools (12/03/2015)

**C-IS-BIE-0023-2014-A**

Condition of Bureau of Indian Affairs Facilities at the Pine Hill Boarding School (01/11/2016)

**C-IS-BIE-0029-2014**

Review of Violence Prevention at the Paschal Sherman Indian School (10/13/2015)

**C-IS-BIE-0030-2014**

Review of Academic Achievement at the Paschal Sherman Indian School (10/13/2015)

**C-IS-BIE-0033-2014**

Review of Violence Prevention at the Ojo Encino Day School (12/03/2015)



**C-IS-BIE-0034-2014**

Review of Academic Achievement at the Ojo Encino Day School  
(12/11/2015)

**C-IS-BIE-0035-2014**

Review of Violence Prevention at the Te Tsu Geh Oweenge School  
(12/03/2015)

**C-IS-BIE-0036-2014**

Review of Academic Achievement at the Te Tsu Geh Oweenge School  
(12/03/2015)

**C-IS-BIE-0037-2014**

Review of Violence Prevention at the San Ildefonso Day School  
(12/03/2015)

**C-IS-BIE-0038-2014**

Re-issuing Review of Academic Achievement at the San Ildefonso Day  
School (03/03/2016)

**CR-EV-BIA-0011-2014**

Bureau of Indian Affairs' Southern Ute Agency's Management of the  
Southern Ute Indian Tribe's Energy Resources (02/09/2016)

***Multi-Office Assignments*****2015-FIN-046**

Independent Auditors' Report on the U.S. Department of the Interior  
Financial Statements for Fiscal Years 2015 and 2014 (11/13/2015)

**2015-ITA-017**

Cloud Computing Security Documentation in the Cyber Security  
Assessment Management Solution (11/12/2015)

**2015-ITA-072**

Independent Auditors' Performance Audit Report on the U.S.  
Department of the Interior Federal Information Security Management  
Act for Fiscal Year 2015 (02/24/2016)

***National Park Service*****2015-WR-016**

Reimbursable Activities Funded Through the National Park Service's  
Construction Account (10/13/2015)

***Non-Interior*****2015-WR-067**

Office of Navajo and Hopi Indian Relocation's Eligibility and Relocation Practices (02/17/2016)

***Office of Special Trustee for American Indians*****2015-FIN-051**

Independent Auditors' Reports on the Tribal and Other Trust Funds and Individual Indian Monies Trust Funds Statements for Fiscal Years 2015 and 2014 (11/06/2015)

***Office of the Secretary*****2015-CR-001**

Inspection of the U.S. Department of the Interior's Occupational Safety and Health and Workers' Compensation Programs (02/09/2016)

**2015-FIN-050**

Independent Auditors' Report on the U.S. Department of the Interior Special Purpose Financial Statements for Fiscal Years 2015 and 2014 (11/13/2015)

**Contract and Grant Audits*****Bureau of Land Management*****2015-WR-062**

Bureau of Land Management Cooperative Agreement No. L12AC20673 With Utah Correctional Industries (11/27/2015)  
\*\*\$1,303,455 \*\*\*\$628,244

***Bureau of Reclamation*****2015-ER-048**

Partial Termination for Convenience by the Bureau of Reclamation, on Contract No. R11PC10035 With Dix Corporation (12/03/2015)

***U.S. Fish and Wildlife Service*****2015-EXT-005**

U.S. Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program Grants Awarded to the Commonwealth of Massachusetts, Department of Fish and Game, Division of Fisheries and Wildlife, From July 1, 2012, Through June 30, 2014 (01/07/2016)

**2015-EXT-006**

U.S. Fish and Wildlife Service Sport Fish Restoration Program Grants Awarded to the Commonwealth of Massachusetts, Department of Fish and Game, Division of Marine Fisheries, From July 1, 2012, Through June 30, 2014 (02/04/2016)

\*\*\$121,168

**2015-EXT-042**

U.S. Fish and Wildlife Service Sport Fish Restoration Program Grants Awarded to the State of Alabama, Department of Conservation and Natural Resources, Marine Resources Division, From October 1, 2012, Through September 30, 2014 (01/07/2016)

**R-GR-FWS-0010-2014**

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the American Samoa Government, Department of Marine and Wildlife Resources, From October 1, 2011, Through September 30, 2013 (12/17/2015)

\*\$10,333 \*\*\$54,651 \*\*\*\$156,232

**R-GR-FWS-0013-2014**

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of West Virginia, Division of Natural Resources, From July 1, 2011, Through June 30, 2013 (12/17/2015)

\*\$11,950 \*\*\$22,598 \*\*\*\$394,976

***U.S. Geological Survey*****C-CX-GSV-0032-2014**

Interim Incurred Cost Audit Claimed by Five River Services Under Contract No. 11PC00013 with the U.S. Geological Survey (11/03/2015)

\*\*\$108,339

**Other Assignment Types*****Bureau of Land Management*****2016-EAU-013**

Verification Review – Recommendations for the Report Titled “Coal Management Program, U.S. Department of the Interior” (CR-EV-BLM-0001-2012) (01/22/2016)

***Bureau of Ocean Energy Management*****2015-EAU-038**

Closeout Memorandum – Audit of BOEM Offshore Oil and Gas Leasing (12/17/2015)

***Bureau of Reclamation*****2015-WR-080-A**

Special Report – Review of a Cooperative Agreement Between the Bureau of Reclamation and the Klamath Water and Power Agency (03/10/2016)

***Bureau of Safety and Environmental Enforcement*****2015-EAU-077**

Management Advisory – Ongoing Concerns with Realignment Planning for the Bureau of Safety and Environmental Enforcement (10/30/2015)

***Multi-Office Assignments*****2016-FIN-014**

Progress Made by the U.S. Department of the Interior in Implementing Government Charge Card Recommendations (02/18/2016)

**ISD-IN-MOA-0004-2014-H**

Management Advisory – Failure To Adequately Protect Sensitive Data on Thousands of U.S. Department of the Interior Laptop Computers (12/21/2015)

***Office of the Secretary*****2015-ER-068**

Inspector General's Statement Summarizing the Major Management and Performance Challenges Facing the U.S. Department of the Interior (11/10/2015)

***U.S. Geological Survey*****2015-CR-015**

Management Advisory – Issues Identified During our Interim Incurred Cost Audit Claimed by Five Rivers Services Under Contract No. 11PC00013 with the U.S Geological Survey (11/03/2015)

## 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.**	9	\$9,013,177	\$4,548,337
B. Which were issued during the reporting period.	5	\$2,789,663	\$1,179,452
<b>Total (A+B)</b>	<b>14</b>	<b>\$11,802,840</b>	<b>\$5,727,789</b>
C. For which a management decision was made during the reporting period.***	3	\$1,647,155	\$1,360,710
(i) Dollar value of costs disallowed.		\$1,337,133	\$1,313,094
(ii) Dollar value of costs allowed.		\$310,022	\$47,616
D. For which no management decision had been made by the end of the reporting period.***	13	\$10,155,685	\$4,367,079

\* Does not include non-Federal funds.

\*\* Beginning balance restated to add report inadvertently excluded in error. The excluded report was R-GR-FWS-0007-2014 with \$1,261,546 in Questioned Cost and Unsupported Costs.

\*\*\* Reports R-GR-FWS-0010-2014 and R-GR-FWS-0013-2014 are included in both Lines C and D because they contained questioned costs in both categories.

## 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	\$28,408,444
B. Which were issued during the reporting period.	2	\$22,283
<b>Total (A+B)</b>	<b>4</b>	<b>\$28,430,727</b>
C. For which a management decision was made during the reporting period.	2	\$22,283
(i) Dollar value of recommendations that were agreed to by management.	2	\$22,283
(ii) Dollar value of recommendations that were not agreed to by management.	0	\$0
D. For which no management decision had been made by the end of the reporting period.	2	\$28,408,444

\* Does not include non-Federal funds.

## REPORTS PENDING DECISION

This listing includes a summary of audit, inspection, and evaluation reports that were more than 6 months old on March 31, 2016, and still pending a management decision. It provides report number, title, issue date, and number of unresolved recommendations.

### Audits, Inspections, and Evaluations<sup>1</sup>

#### *Bureau of Land Management*

**C-EV-BLM-0013-2013**

Review of Bureau of Land Management's Concession Management Practices (03/30/2015)

3 Unresolved Recommendations

**CR-EV-MOA-0003-2013**

Onshore Oil and Gas Permitting, U.S. Department of the Interior (06/26/2014)

1 Unresolved Recommendation

#### *Indian Affairs*

**CR-EV-BIA-0002-2013**

BIA Needs Sweeping Changes to Manage the Osage Nation's Energy Resources (10/20/2014)

1 Unresolved Recommendation

#### *National Park Service*

**C-IN-NPS-0012-2013**

Review of National Park Service's Recreation Fee Program Report (02/19/2015)

2 Unresolved Recommendations

**WR-EV-NPS-0022-2013**

U.S. Park Police Law Enforcement Services for the Presidio Trust (09/30/2014)

3 Unresolved Recommendations

<sup>1</sup> The Office of Inspector General and management disagreed on the actions needed to resolve the recommendations. These recommendations have been referred to the Deputy Secretary for resolution.

***U.S. Fish and Wildlife Service*****ER-IN-FWS-0010-2013**

Management of the Coastal Impact Assistance Program in the State of Louisiana (09/30/2014)

3 Unresolved Recommendations

***U.S. Geological Survey*****ER-IN-GSV-0003-2014**

U.S. Department of the Interior's Climate Science Centers (08/13/2015)

2 Unresolved Recommendations

**Contract and Grant Audits<sup>2</sup>*****Bureau of Ocean Energy Management*****2015-WR-018**

Bureau of Ocean Energy Management Cooperative Agreement No. M13AC00012 With the University of Florida (09/29/2015)

2 Unresolved Recommendations

***Indian Affairs*****2015-ER-036**

Interim Costs Claimed by Lockheed Martin Services, Inc., Under Task Order No. A11PC00409 With the Bureau of Indian Affairs (08/31/2015)

3 Unresolved Recommendations

***National Park Service*****X-CX-NPS-0001-2014**

Final Costs Claimed by NY Asphalt, Inc., Under Contract Nos. INPSANDY12003, INP13PX28237, and INP13PX22222 With the National Park Service (10/21/2014)

2 Unresolved Recommendations

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<sup>2</sup> We are awaiting the final decision by management on whether they will disallow the questioned costs.



## Other Assignment Types

### *U.S. Geological Survey*

#### **WR-EV-BOR-0024-2013-A**

Management Advisory – Issues Identified During our Evaluation of Interagency Agreement No. R13PG20058 Between the Bureau of Reclamation and the U.S. Geological Survey (09/30/2015)

1 Unresolved Recommendation

## PEER REVIEWS OF OIG OPERATIONS

### Audits, Inspections, and Evaluations

Peer reviews are conducted of an OIG audit organization's system of quality control on a 3-year cycle in accordance with the Council of the Inspectors General on Integrity and Efficiency's (CIGIE) "Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspector General," based on requirements in the "Government Auditing Standards." Federal audit organizations can receive a rating of pass, pass with deficiencies, or fail.

We conducted a peer review of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) system of quality control for the year ending March 31, 2015. In our September 30, 2015 report we awarded SIGTARP a peer review rating of pass.

In the most recent peer review of our audit organization, the National Railroad Passenger Corporation (AMTRAK) OIG reviewed the system of quality control for our Office of Audits, Inspections, and Evaluations (AIE) for the year ending September 30, 2013. Based on its review, AMTRAK determined that AIE's system of quality control provided reasonable assurance that AIE conforms to applicable professional standards in all material respects, and we received a peer review rating of pass.

### Investigations

In accordance with the 3-year schedule established by CIGIE, the U.S. Department of Transportation (DOT) OIG conducted a peer review of our investigative operations in December 2013. DOT OIG found that our Office of Investigations fully complied with our internal safeguards and management procedures, and it did not make any recommendations.

We conducted a peer review of the system of internal safeguards and management procedures for the investigative function of the Small Business Administration (SBA) OIG between September 4 and September 15, 2014, in conformity with CIGIE's "Quality Standards for Investigations" and "Qualitative Assessment Review Guidelines."

We issued our final report on November 13, 2014; the SBA OIG's system of internal safeguards and management procedures in effect for the reviewing year complied with the quality standards established by CIGIE and the applicable Attorney General guidelines.

## CROSS REFERENCES TO THE INSPECTOR GENERAL ACT

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Section 4(a)(2)	Review of Legislation and Regulations	N/A*
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Section 5(a)(2)	Recommendations for Corrective Action With Respect to Significant Problems, Abuses, and Deficiencies	1-44
Section 5(a)(3)	Significant Recommendations From Agency's Previous Reports on Which Corrective Action Has Not Been Completed	55-57
Section 5(a)(4)	Matters Referred to Prosecutive Authorities and Resulting Convictions	47
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Section 5(a)(6)	Audit Reports Issued During the Reporting Period	48-52
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Section 5(a)(8)	Statistical Table: Questioned Costs	53
Section 5(a)(9)	Statistical Table: Recommendations That Funds Be Put to Better Use	54
Section 5(a)(10)	Summary of Audit Reports Issued Before the Commencement of the Reporting Period for Which No Management Decision Has Been Made	55-57
Section 5(a)(11)	Significant Revised Management Decisions Made During the Reporting Period	N/A
Section 5(a)(12)	Significant Management Decisions With Which the Inspector General is in Disagreement	26-27
Section 5(a)(13)	Information Described Under Section 804(b) of the Federal Financial Management Improvement Act of 1996	N/A

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

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Section 14(A)	Results of Peer Reviews Conducted by Another Office of Inspector General During the Reporting Period	58
Section 14(B)	Most Recent Peer Review Conducted by Another Office of Inspector General	58
Section 15	Outstanding Recommendations From Any Peer Review Conducted by Another Office of Inspector General	N/A
Section 16	Peer Reviews Completed of Another Office of Inspector General During the Reporting Period or Previous Recommendations That Have Not Been Fully Implemented	58

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

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## OIG CONTACT INFORMATION



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