



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

# **OFFICE OF INSPECTOR GENERAL'S ORGANIZATIONAL ASSESSMENT 2014**

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# Message From the Deputy Inspector General

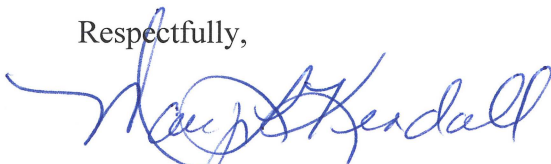
I am pleased to present our Organizational Assessment Report for Fiscal Year (FY) 2014. The report summarizes the most significant achievements of FY 2014 and identifies emerging issues for FY 2015. The summary encompasses (1) our core mission work, which we achieve through investigations, audits, inspections, and evaluations; (2) the work of three units—the Office of General Counsel, the Whistleblower Protection and Ombudsman Program, and the Administrative Remedies Division—that help ensure the integrity and accountability of DOI and OIG, and (3) improvements in how we work internally.

Our work demonstrates the important role of the Office of Inspector General (OIG) in improving the U.S. Department of the Interior's (DOI) capacity to provide good fiscal, environmental, and cultural stewardship of America's natural resources. In FY 2014, our reviews of DOI programs and activities identified almost \$33 million in questioned and unsupported costs, with an additional \$4 million in recommendations that funds be put to better use. OIG investigations helped recover almost \$12 million through settlements, penalties, fines, and restitution, with more than \$6.4 million coming from energy-related investigations. In the area of public safety, we uncovered potentially significant threats to groundwater drinking sources for millions of Americans due to widespread noncompliance with environmental protection laws.

We also recognize that, to provide effective oversight to a department the size and breadth of DOI, we must continue to improve as an organization. The report highlights our efforts in the areas of internal communication, office consolidation, and automation of core business processes. New approaches to communication helped ensure that information reached those employees who most needed it and was readily available to everyone in the organization. The consolidation of our Northern Virginia offices in one location marks the end of a long-term project to reduce our office footprint and realize cost savings. We also made significant progress in streamlining and automating core business processes, with efforts underway to improve mission-related processes.

OIG's highly skilled and engaged workforce is our greatest asset. Our successes in 2014 resulted from the hard work, dedication, and professionalism of our staff. I look forward to working with our leadership team, managers, and staff in 2015.

Respectfully,

A handwritten signature in blue ink, appearing to read "Mary Kendall", is written over a circular blue ink stamp.

Mary Kendall  
Deputy Inspector General

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# Introduction

The U.S. Department of the Interior's (DOI) Office of Inspector General (OIG) is proud to present our Organizational Assessment report for fiscal year (FY) 2014. We provide independent oversight and promote excellence, integrity, and accountability within the programs, operations, and management of DOI. We carry out our mission by conducting audits, inspections, evaluations, investigations, and outreach. This report summarizes our most significant mission-related and organizational achievements in FY 2014 with respect to improving the quality of DOI programs, addressing wrongdoing, and enhancing the capacity of DOI to provide good fiscal, environmental, and cultural stewardship of America's natural resources.<sup>1</sup>

## Background

DOI employs more than 70,000 people and is responsible for managing America's vast natural and cultural resources, including 500 million acres of land and 1.7 billion acres on the Outer Continental Shelf, as well as Federal waters and fishery resources. DOI and its bureaus oversee the development of 23 percent of U.S. energy supplies and serve as the largest supplier and manager of water in the 17 Western States. The Department also provides scientific information needed to manage water, biological, energy, and mineral resources; minimize loss of life and property from natural disasters; and help mitigate the impacts of climate and land-use change. DOI maintains government-to-government relations with federally recognized American Indian and Alaska Native tribes, and more than 1.7 million American Indian and Alaska Native peoples receive critical services from DOI bureaus. The Department's mission includes fulfilling trust responsibilities and special commitments to American Indians, Alaska Natives, and affiliated island communities. DOI has administrative responsibility for coordinating Federal policy in the territories of American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, and the U.S. Virgin Islands. DOI also administers and oversees Federal assistance provided under the Compacts of Free Association for three sovereign nations: the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. DOI coordinates with the U.S. Department of State and other Federal agencies to promote economic development and budgetary self-reliance in these nations.

OIG, staffed with approximately 275 employees, conducts independent oversight and responds in the best interest of American taxpayers to ensure that DOI earns and keeps the public's trust. Our audit and investigative work includes mandatory projects, which are legislatively required; congressionally requested projects; and discretionary projects, initiated by OIG. Providing oversight to a department as large and diverse as DOI led us, in FY 2011, to establish key focus areas (previously *targeted categories*) to prioritize our discretionary work. These focus areas represent significant or high-risk programs and functions in the Department (see Figure 1). We selected these areas based on DOI's Strategic Plan, outreach to customers and stakeholders, and our professional judgment about the greatest risks to DOI's programs and functions.

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<sup>1</sup> For a more extensive compilation of OIG investigations, audits, evaluations, and inspections, see OIG's [Semiannual Report to Congress](#).

More than 80 percent of our discretionary work in FY 2014 addressed one or more focus areas. Our capacity to hire additional staff and reassign current staff made it possible to add two new focus areas—DOI information technology and workers’ compensation—and designate teams to address these important program areas:

- The Information Technology Audits Unit, under the Office of Audits, Inspections, and Evaluations (AIE), will conduct audits and program evaluations of information management technology with an emphasis on security, investment, and best practices.
- OIG initiated a review of DOI’s occupational health and safety and workers’ compensation programs, including a new program within the Office of Investigations (OI) to examine potential workers’ compensation fraud, after DOI expressed concerns about rising program costs. DOI has the largest lost time per worker compensation case in the Federal Government, raising concerns that some claims may be fraudulent.

OIG Focus Areas
Acquisitions and financial assistance
Indian education programs and activities
Climate change programs and activities
DOI information technology
Energy programs and activities
Manager and law enforcement misconduct
Preventative efforts and outreach
Public and employee safety
Water programs and activities
Workers’ compensation

Figure 1. OIG key focus areas.

Conducting the majority of our audit and investigative work in key focus areas allows us to develop specialized expertise and knowledge that help us root out and prevent fraud, waste, and mismanagement within DOI. We continue to build expertise in the focus areas to boost our impact and promote DOI’s mission and the vast responsibilities of its bureaus and entities.

## About This Report

Part I highlights our most significant audits, inspections, evaluations, and investigations in FY 2014. Our audit findings and recommendations helped DOI address management weaknesses or detect wrongdoing in several areas. Highlights include the following:

- *Energy.* We recommended changes to the Bureau of Land Management’s (BLM) onshore permitting processes to increase the efficiency of its review process and reduce the backlog of requests for permits to drill for oil and gas. We also inspected BLM’s policies and procedures for detecting and deterring trespass and drilling without approval, issues that have grown in part due to increased use of horizontal drilling.
- *Acquisitions and Financial Assistance.* We completed our multistate audit of Coastal Impact Assistance Program (CIAP) Federal grants in FY 2014 with the issuance of our findings and recommendations for the State of Louisiana. (We completed our review of

Office of Audits, Inspections, and Evaluations	
Reports issued	60
Questioned and unsupported costs	\$32,990,251
Recommendations that funds be put to better use	\$4,344,015

Figure 2. AIE reports and recommendations, FY 2014.

CIAP grants in the State of Mississippi in FY 2013.) CIAP was the U.S. Fish and Wildlife Service's third largest grant program in FY 2013. Overall, we identified more than \$44.1 million as ineligible, unreasonable, or unsupported costs or funds to be put to better use, with almost \$10 million of those funds identified in Louisiana.

- *Public and Employee Safety.* Our evaluation of DOI-managed underground injection control wells uncovered widespread noncompliance with environmental protection laws designed to protect groundwater drinking sources for millions of Americans.

OIG investigators helped recover almost \$12 million through settlements, penalties, fines, and restitution, with more than \$6.4 million coming from energy-related investigations. Among our significant cases and activities were the following:

- *Energy.* OIG and the Federal Bureau of Investigation (FBI) obtained guilty pleas and almost \$5.2 million in restitution from the owner of Domestic Energy Solutions and five other individuals involved in a fraudulent oil lease investment scheme on the Fort Peck Indian Reservation in Montana.

Office of Investigations	
Cases closed	533
Criminal convictions	39
Criminal penalties	\$10,664,354
Civil settlements	\$1,650,000

Figure 3. OI cases and outcomes, FY 2014.

- *Public Corruption.* OIG collaborated with the U.S. Attorney's Office in Montana, the FBI, the Internal Revenue Service (IRS), and other Inspectors General to investigate widespread corruption in Indian Country. Our investigative work on the Rocky Boy's/North Central Montana Rural Water System construction project on the Chippewa Cree Reservation resulted in 18 indictments against 14 individuals, including 6 Chippewa Cree Tribe officials. As of September 30, 2014, 7 individuals have pleaded guilty.
- *Suspension and Debarment.* We provided valuable information and support to the U.S. Environmental Protection Agency's Office of Grants and Debarment regarding the lifting of BP's debarment after the 2010 oil spill in the Gulf of Mexico.

In Part II, we highlight three units that help ensure the integrity and accountability of DOI and OIG:

- The Office of General Counsel provides legal support for mission-related work and operations.
- The Whistleblower Protection and Ombudsman Program ensures that employees who disclose information are fully informed of their rights, responsibilities, and remedies under anti-retaliation laws.
- The Administrative Remedies Division reviews concerns regarding the integrity or history of poor performance of contractors or financial assistance recipients and makes recommendations to the DOI Suspending and Debarment Official for administrative actions.

Part III covers our major organizational improvement efforts. In FY 2011, we launched several long-term projects intended to improve communication, realize cost savings, and streamline core business processes. Many of these projects are well underway:

- *Internal Communication.* The appointment of a temporary Associate Inspector General for Communication signaled OIG leadership's commitment to quality communication within OIG and with external customers and stakeholders. Establishing practices to ensure consistent, clear, honest, and open communication will help us meet our mission and engage our workforce.
- *Office Consolidation.* The consolidation of our offices in Herndon and Reston, VA, marks the final phase of a long-term plan to reduce our office footprint by the end of FY 2015.
- *Automating Core Business Processes.* Most of our core processes have been mapped, streamlined, and automated. We are now building workflows for mission-related processes. Two years beyond implementation, we are realizing savings in time, costs, and materials.



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# Part I. Significant Mission-Related Achievements

We highlight work in four focus areas—energy, acquisitions and financial assistance, public and employee safety, and preventative efforts and outreach. As a result of our work, DOI and its bureaus will be better positioned to achieve fair market value for energy and minerals extracted from Federal lands, ensure that Federal funds are used appropriately, and implement measures to improve public safety and environmental protections. OIG investigations of fraud, theft, and other wrongdoing provided crucial evidence used in the prosecution and conviction of individuals involved and the recovery of funds through restitution and fines.

## Fiscal Stewardship in Energy and Minerals

According to DOI's Office of Natural Resources Revenue, the Federal Government collected almost \$14.4 billion dollars in natural resource revenues in FY 2013 from energy and mineral leases and other monies owed for the use of public natural resources on the Outer Continental Shelf and onshore Federal and American Indian lands.<sup>2</sup> Revenues from Federal onshore oil and gas production alone averaged \$2.4 billion per year over the last 3 years. The value of these resources and the complex processes involved in managing and accessing them create management challenges and incentives and provide opportunities for wrongdoing.

To help ensure sound stewardship of the country's monetary and energy resources, OIG has focused on whether DOI is receiving fair market value for its resources. While our review of BLM's mineral materials program follows this tradition, we also identified numerous inefficiencies in BLM's processing of onshore oil and gas permits and significant weaknesses in BLM's capacity to detect and deter instances of oil and gas trespass.

The U.S. Government Accountability Office (GAO) recognized our impact on DOI's fiscal stewardship in testimony before the U.S. House of Representatives' Subcommittee on Energy and Mineral Resources. GAO credited our 2013 review of BLM's helium program for BLM's decision to increase the price of helium in 2014 and implement a new pricing process to ensure a fair return on sales.<sup>3</sup> Four members of Congress, including the ranking members of the House Natural Resources Committee and Subcommittee on Energy and Mineral Resources, cited our evaluation of the increased incidence of trespassing and drilling without authority in a letter to BLM Director Neil Kornze. The letter urged BLM to implement OIG recommendations aimed at improving BLM's enforcement mechanisms and detection and deterrence capabilities.

The *Deepwater Horizon* investigation following the 2010 explosion and oil spill in the Gulf of Mexico illustrates the extreme risks and challenges facing DOI in the energy sector. Four years

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<sup>2</sup> Office of Natural Resources Revenues, U.S. Department of the Interior, <http://statistics.onrr.gov/ReportTool.aspx> (accessed September 2, 2014). Revenue sources include royalties, rents, and bonuses generated throughout the life of the lease.

<sup>3</sup> "Helium Program: BLM's Implementation of the Helium Stewardship Act of 2013," GAO-14-751T, July 15, 2014, p. 10; also see "Bureau of Land Management's Helium Program," Office of Inspector General, U.S. Department of the Interior, Report No. C-IN-MOA-0010-2011, November 2013 (<http://www.doi.gov/oig/reports/index.cfm>).



later, BP, Halliburton, Transocean, and several individuals have been charged with or pleaded guilty to various civil and criminal wrongdoings. To date, the U.S. Department of Justice (DOJ) has collected \$4.5 billion in fines and settlements from BP and others pertaining to the oil spill investigation. OIG staff contributed valuable knowledge and experience in oil and gas exploration issues that helped bring about the guilty pleas and fines.

## **Audits, Inspections, and Evaluations**

### *Improving BLM's Processing of Onshore Oil and Gas Permits*

BLM approves thousands of permits to drill on Federal and Indian lands each year, and the review times are very long. Long review times create uncertainties for industry, may adversely affect the development of domestic energy resources, and cost the Federal Government and Indian mineral owners lost royalties from delayed production. Oil and gas operators share responsibility for this situation, but inefficiencies in BLM's review process, if corrected, could expedite reviews without sacrificing quality.

BLM receives 5,000 new permit applications each year, which are processed at 33 field offices. The Bureau coordinates with other agencies when proposed wells are located in their jurisdictions. BLM approves 99 percent of all applications received, but approves only 6 percent within the required 30 days of receipt. BLM reported an average of 228 calendar days to process applications in FY 2012. The backlog, at the time our evaluation report was published, stood at roughly 3,500 applications.

Our recommendations addressed several conditions that contribute to slow processing of applications. Until recently, DOI and BLM did not make timeliness a priority or have reliable data and resources to monitor performance at BLM's national and field offices. We recommended that BLM appoint a field-office-level project manager with authority over the application process and implement a performance measurement system with milestones and outcome measures to hold managers and staff accountable. We also suggested that BLM modernize its data management system to enable standardized processes, greater data integrity, and workflow management.

Giving BLM authority to shift funding and staffing levels to locations with the greatest workloads would also help alleviate backlogs. The Energy Policy Act of 2005 established a pilot program to relieve the permit request backlog by increasing staff levels at specific office locations. Oil and gas activity has since shifted to other locations, but BLM does not have the authority to transfer funding to offices with the greatest need. We recommended that BLM work with Congress to revise the pilot office funding provided through the Act.

### *Achieving Market Value for Mineral Materials*

The Mineral Materials Act of 1947, as amended, authorizes BLM to sell mineral materials from Federal lands at fair market value. Mineral materials consist of common types of sand and gravel, stone, pumice, or other materials used in construction and landscaping, and are mainly sold using competitive or noncompetitive contracts. BLM collects roughly \$17 million annually from its sales of mineral materials.

We found that BLM has little assurance that it obtains market value for mineral materials sales. We also found that management of the program is hindered by outdated regulations and policies, and that BLM does not always recover the processing costs for mineral materials contracts or verify production volumes reported for sales.

We identified several issues affecting the mineral materials program that, if not corrected, will cost the Federal Government revenues owed to it. Bureauwide guidance on conducting appraisals for valuing mineral materials is more than 25 years old. Regulatory language requires the use of appraisals, even though other acceptable valuation methodologies exist. Furthermore, BLM's use of expertise in DOI's Office of Valuation Services (OVS) is limited, even though OVS found five of BLM's existing mineral materials appraisals inadequate for valuation purposes and has disapproved them for use.

BLM does not adjust prices for existing contracts, despite regulatory authority and guidance to do so periodically, to ensure that the Government receives fair market value for mineral materials that have not yet been removed. We identified 16 contracts in which adjustments were not made; we estimated that BLM lost more than \$846,000 in mineral revenues. In addition, the Bureau has made limited efforts to recover exclusive-sale processing costs where the authority exists. We found that despite the authority to recover these costs, none of the 30 exclusive-sales contracts we reviewed had cost recovery associated and only 2 of the 8 competitive contracts reviewed had some form of cost recovery.

BLM provided little evidence that it performs production verification activities to ensure that contractors pay for actual volumes of mineral materials removed. BLM policy requires geologists to confirm mineral production by inspecting sites and verifying reported volumes. We identified 33 of 38 contract files that did not have any production verification documentation. Discussions with geologists concerning this matter revealed that many times verification is limited to relying on the individual contractors to submit accurate production reports when they submit their mineral fees.

Finally, we noted concerns that BLM may not be collecting fees for minerals used on lands that have been sold under the Southern Nevada Public Land Management Act of 1998. We found an instance where a private developer in Clark County, NV, used tons of mineral materials without paying for them (the uncollected fees were estimated at more than \$1 million).

We recommended that BLM work with OVS to establish fair market value, make periodic contract adjustments, recover processing costs, and collect the fees due to the Federal Government. By updating its program guidance and collaborating with OVS, BLM has an opportunity to ensure that the mineral materials program operates more efficiently and obtains adequate compensation for mineral materials sold from Federal land.

#### *Detecting and Deterring Incidents of Oil and Gas Trespass and Drilling Without Approval*

Our inspection found that BLM does not have effective nationwide policies and procedures to detect, deter, or process instances of oil and gas trespass and drilling without approval (DWOA), resulting in lost revenue owed to the Federal Government. With expansion of the use of horizontal drilling and hydraulic fracturing technologies to drill for oil and gas, the potential for

trespass or DWOA into neighboring lands has increased dramatically. This is particularly true for States with highly fragmented Federal mineral ownership such as North Dakota and Oklahoma. BLM's North Dakota Field Office identified 10 cases of potential trespass and 70 cases of DWOA; BLM's Oklahoma Field Office identified about 40 cases of DWOA.

BLM often learns of trespass or DWOA by happenstance, such as when one company acquires another company's wells and reports to BLM that some wells might be in trespass or DWOA. BLM can use State-gathered information to determine whether a well is in trespass or DWOA, but the procedures are labor intensive and the field offices do not always have available or qualified personnel.

The economic and environmental consequences of not detecting, deterring, or prosecuting instances of trespass and DWOA are significant. Since Federal lands frequently neighbor private lands, it is easier for operators of wells on private lands to drill into the Federal mineral estate without paying royalty payments. In the 80 cases of DWOA and trespass identified in North Dakota, the State estimated that approximately \$530,000 in royalties had not yet been paid.

The failure to control drilling also poses environmental risks. Wells that are not properly cased can harm wetlands and aquifers. In Wyoming, the U.S. Army Corps of engineers, which has jurisdiction over wetlands, ordered operators of one DWOA well to mitigate damages worth \$4 million. The well operator had failed to comply with BLM's regulations regarding well casing.

We also found that the two regulations that address DWOA are ineffective deterrents because one provides for a nominal fee assessment and the other is a costly penalty that BLM rarely uses. We recommended that BLM pursue monetary fines for DWOA that are commensurate with the cost of drilling and completing a well.

## **Investigations**

### *Sentences Handed Down in Deepwater Horizon Investigation*

DOJ formed the Deepwater Horizon Task Force in the aftermath of the 2010 explosion of the *Deepwater Horizon* oil rig in the Gulf of Mexico. The explosion took the lives of 11 men and spilled roughly 5 million barrels of oil into the Gulf. The full impact on human health and the Gulf's unique ecosystem remains unknown.

In the meantime, three companies—BP, Transocean, and Halliburton—have pleaded guilty and paid almost \$4.5 billion in fines, penalties, and contributions. Five individuals have also been charged in this case on allegations of destroying evidence, obstruction and false statements, and manslaughter and other charges. Between November 2012 and September 2013, the three companies were sentenced or reached agreements regarding fines and penalties:

- BP agreed to plead guilty to 11 counts of manslaughter, 1 count of obstruction of Congress, and 2 other charges. The company agreed to pay \$1.26 billion in criminal fines and another \$2.74 billion in penalties.
- Transocean, the drilling contractor that owned the *Deepwater Horizon*, pleaded guilty to one criminal charge and agreed to pay \$400 million in criminal fines and penalties.

- Halliburton, which provided contract cementing services to BP, pleaded guilty to a charge concerning the destruction of evidence and paid the maximum statutory fine of \$200,000. Halliburton made a voluntary and unconditional contribution of \$55 million to the National Fish and Wildlife Foundation.

#### *Six Persons Plead Guilty to Fraudulent Oil Lease Investment Scheme*

A joint investigation between OIG and the FBI into fraudulent oil lease investment schemes resulted in lengthy prison terms and hefty financial penalties through court-ordered restitution for the six persons involved. The investigation began when BIA provided OIG a copy of a letter from Mike Campa (alias Mike Heretel), owner of Domestic Energy Solutions, to an investor. In the letter, Campa claimed that a \$4,000 investment entitled the investor to 0.5 percent ownership in Domestic Energy Solutions and all income generated from three specific oil leases on the Fort Peck Indian Reservation in Montana.

Campa, however, did not own any of the leases referenced in the letter sent to investors. Campa and the five others involved solicited approximately \$675,406 from investors in connection with their fraudulent oil and gas leases on the Fort Peck Indian Reservation. In the course of our investigation, we uncovered a second fraud in which Campa took \$4.5 million from an investor for a phony gold mine in Arizona.

All six persons were indicted and charged with one count each of conspiracy, mail fraud, and wire fraud. Campa pleaded guilty to all three counts and was sentenced to 30 years in Federal prison, followed by 3 years of supervised release, and ordered to pay nearly \$5.2 million in restitution jointly and severally with the other five defendants in this case. His restitution was based on the two frauds that he perpetrated concurrently. The other verdicts, sentences, and restitution are summarized in Figure 4.

Defendant	Plea or Verdict	Sentence	Court-Ordered Restitution
<b>Mike Campa</b>	Pleaded guilty to all three counts	30 years in Federal prison; 3 years supervised release	\$5,175,406.62 jointly and severally with the other defendants
<b>Suzette Gal</b>	Jury found S. Gal, A. Gal, and Carpenter guilty on all three counts	10 years in Federal prison; 3 years supervised release	\$675,406 jointly and severally; and,  \$4.5 million jointly and severally with Campa and Krisztian Zoltan Gal
<b>Andras Zoltan Gal</b>		6 years in Federal prison; 2 years supervised release	\$675,406 jointly and severally
<b>Steve Carpenter</b>		15 years and 8 months in Federal prison; 3 years supervised release	\$675,406 jointly and severally
<b>Krisztian Zoltan Gal</b>	Jury found K. Gal guilty of conspiracy	5 years in Federal prison; 2 years supervised release	\$675,406 jointly and severally
<b>Dana Kent</b>	Pleaded guilty to one count of wire fraud	18 months in Federal prison; 1 year supervised release	\$101,490 jointly and severally

Figure 4. Outcomes from investigation into Domestic Energy Solutions' fraudulent investment schemes.

## Fiscal Stewardship in Acquisitions and Financial Assistance

DOI disbursed roughly \$9 billion in contracts, grants, and direct financial assistance in FY 2014. Proper administration and oversight are essential to safeguard taxpayer dollars and to help prevent fraud, waste, and mismanagement. While we do not have the capacity to provide oversight to every contract and grant, two of the three U.S. Fish and Wildlife Service (FWS) grant programs we audited were among DOI's four largest grant programs in FY 2014—the Wildlife Restoration and Hunter Education Program and the Sport Fish Restoration Program (see box on page 12). Of the \$1 billion disbursed by FWS through these two programs, our audits identified \$2,108,062 in questioned or unsupported costs and funds that could be put to better use.

In 2012, we initiated an audit of FWS' third largest grant program, the Coastal Impact Assistance Program (CIAP). Last year we reported significant deficiencies in how the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE), FWS, and the grant recipients in Mississippi managed the grants. We uncovered irregularities that triggered a joint OIG and FBI investigation resulting in two convictions for criminal wrongdoing.

We also investigated allegations of wrongdoing by the now former Assistant Secretary for Insular Areas, in addition to collaborating with a DOJ task force investigating widespread criminal activity involving a federally funded rural water construction project for the Chippewa Cree Tribe. As of September 30, 2014, 14 persons, including 6 officials with the Chippewa Cree Tribe, were indicted on multiple charges.

### Audits, Inspections, and Evaluations

#### *Gross Misuse of Coastal Impact Assistance Program Grants in Mississippi and Louisiana*

The Energy Policy Act of 2005 created CIAP to provide grant funds derived from Federal offshore lease revenues to oil-producing States for conservation, protection, or restoration of coastal areas, wildlife, and natural resources. The Act authorized the Secretary of the Interior to disburse \$250 million in each of FYs 2007, 2008, 2009, and 2010 to eligible CIAP grant recipients in the coastal zone counties, parishes, or boroughs of Alabama, Alaska, California, Louisiana, Mississippi, and Texas.

At the request of FWS, we initiated an audit in 2012, focusing on grant funds awarded to Mississippi and Louisiana. We issued our first report, focused on Mississippi, in FY 2013 and completed our audit of

### **OIG Audits FWS' Wildlife and Sport Fish Restoration Program**

*The Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act established the Wildlife and Sport Fish Restoration Program. Under the Program, FWS provides grants to States to restore, conserve, manage, and enhance their sport fish and wildlife resources. In FY 2014, FWS disbursed \$1 billion in grants under the Program.*

*Over a 5-year period, OIG audits each State receiving FWS grant funds to ensure that States are using grants and revenues appropriately. The Acts and Federal regulations contain provisions and principles on eligible costs and allow FWS to reimburse States up to 75 percent of the eligible costs incurred under the grants.*

*The Acts also require that hunting and fishing license revenues be used only for the administration of the States' fish and game agencies. Federal regulations and FWS guidance require States to account for any income earned using grant funds.*

grant funds to Louisiana this year along with a follow-up review of seven grants awarded to Mississippi.

In total, we questioned more than \$44.1 million in CIAP costs awarded to Mississippi and Louisiana, representing ineligible grant charges, unreasonable costs, and expenses not supported by proper documentation:

- In Louisiana, we questioned \$9,878,964 representing ineligible grant charges, unreasonable costs, and expenses not supported by proper documentation and \$4,343,765 in funds that could be put to better use.
- In Mississippi, we questioned \$17,835,864 as either ineligible, unreasonable, or unsupported costs and identified \$12,063,403 in funds to be put to better use.

DOI awarded the State of Louisiana and its 19 eligible parishes 127 CIAP grants totaling about \$494.2 million between April 2008 and March 2013. During our audit, we reviewed 47 grants totaling about \$367.2 million and found several issues with FWS' grant monitoring that raised concerns about the potential for misuse of funds in Louisiana and FWS' ability to detect it.

For example, FWS decided it was not necessary to reassess grantees' level of risk and, instead, relied on risk assessments conducted by BOEMRE, the Bureau previously responsible for CIAP. In the course of our audit, we discovered that BOEMRE had not assessed its single largest grant recipient, the Coastal Protection and Restoration Authority (CPRA). As a result, FWS claimed to rely on a risk assessment that was never actually conducted for an agency charged with disbursing more than \$320 million in grant funds.

In addition, FWS did not comply with departmental guidance that requires bureaus to proactively monitor financial assistance recipients through a risk-based approach. Finally, weak State procurement laws, coupled with inadequate capacity at the local level in Louisiana to manage grants, increased the need for vigilant oversight by FWS.

Finally, during the course of our review of the management of CIAP grants awarded to Mississippi, completed in FY 2013, we identified seven grant projects that should not have been approved because these projects had little or no relevance to the preservation of coastal areas. We found, for example, that funding had been given to the Ohr-O'Keefe Museum of Art to install six skylights and construct a living laboratory, where less than 4 percent of CIAP funds were used for conservation purposes. We also found that the Infiniti Science Center received funding to construct a general-purpose classroom at a NASA facility. As a result of these and other projects, we questioned almost \$5.9 million in ineligible costs and funds to be put to better use in Mississippi.

#### *BIA Noncompliant With Federal Leasing Regulations*

Leased office and storage space can constitute a significant cost to the Federal Government. In 2010, President Obama announced an initiative to identify cost savings through better real estate management. The President's directive set a goal of eliminating \$3 billion in savings in property held by civilian agencies. Reaching this goal requires agencies to comply with governmentwide regulations. In our review of BIA leases, we found that the Bureau had approved more than

\$32.7 million in lease agreements that exceeded the square footage and purchase approval limits of the U.S. General Services Administration (GSA).

Based on a referral from GSA, OIG reviewed 14 leases negotiated by BIA for compliance with GSA's Federal Management Regulation Bulletin 2008-B1, "Delegations of Lease Acquisition Authority." The regulation states that no agency can lease any property greater than 19,999 square feet, agencies must provide information supporting a request as well as an explanation of how the agency will lease either at or below GSA costs, and agency leasing personnel must use a warranted realty contracting officer.

We found numerous issues, ranging from noncompliance with GSA guidelines to insufficient BIA guidance and training. We also found leases that BIA extended without GSA approval, leases that exceeded GSA square footage limits, leases established by BIA employees without the qualifications to do so, and contracting officers who did not follow guidelines. We recommended that BIA develop and implement policies and procedures that ensure compliance with GSA guidance, develop a database to accurately reflect the status of leases in BIA's inventory, and ensure that BIA contracting officers receive appropriate training in lease administration and management.

#### *United Mine Workers of America Health and Retirement Funds Administrative Costs in Line With Private Industry*

We responded to concerns expressed by the Office of Surface Mining Reclamation and Enforcement (OSM) about increasing administrative costs of the funds used for health and pension benefits for retired mine workers, and OSM's authority to oversee trusts related to these funds. As of FY 2012, the United Mine Workers of America Health and Retirement Funds (UMWAF) has provided health care to 31,871 retired union coal-mine workers and their dependents, for a total cost of \$392 million. UMWAF and OSM operate under a memorandum of understanding that outlines the responsibilities of both parties under the Surface Mining Control and Reclamation Act.

The Act created the Abandoned Mine Lands (AML) fund, managed by OSM, to pay for the cleanup of mine lands and requires that interest from the AML fund be transferred to three trusts to support health care benefits. In the event that interest generated does not cover expenses, the three trusts are entitled to payments from the U.S. Treasury, subject to a \$490 million cap on all combined annual transfers from the Treasury and the AML fund.

Our inspection found that administrative costs are at or below the 12 percent observed in private industry. We also found that the Act does not expressly require OSM to oversee management of UMWAF, including how administrative costs are spent. Although the funding of UMWAF falls under the auspices of OSM, OSM has no direct programmatic oversight to ensure that money transferred from the AML fund is used for the intended purpose. We recommended that OSM negotiate more specific provisions for programmatic oversight when the current memorandum of understanding expires at the end of FY 2014, or seek to adopt regulations under the Act that provide for additional oversight authority.



## **Investigations**

### *Widespread Corruption Uncovered in Rocky Boy's/North Central Montana Rural Water System Construction Project*

Between April 2013 and August 2014, OIG investigators helped bring 18 indictments against 14 persons involved in a corruption scheme that included six Chippewa Cree Tribe of Indians (CCT) tribal officials, six companies, and three tribal organizations. The investigations were part of an ongoing task force led by the U.S. Attorney's Office for the District of Montana to root out corruption in that State's Indian Country. Known as "The Guardians Project," the task force was established in 2011 to investigate embezzlement, bribery, and fraud in Federal programs.

At the center of the scheme were Tony Belcourt and his wife, Hailey. Tony Belcourt was the chief executive officer and a contracting officer for Chippewa Cree Construction Corporation (CCCC), a tribally owned company that served as the primary contractor for the Rocky Boy's/North Central Montana Rural Water System construction project. The Bureau of Reclamation (USBR) provided \$27 million in American Recovery and Reinvestment Act funds to CCT to build a pipeline to deliver fresh water to the reservation.

Belcourt used his authority to issue payments against construction and shipping contracts in exchange for side payments to his wife and personal company, MT Waterworks. Through the actions of Hunter Burns and James Eastlick, Jr., co-owners of Hunter Burns Construction, LLC, (HBC) and others, the scheme expanded to include three more CCT officials, two CCT rodeo associations, and a tribal university. Melody Henry, former president of Stone Child College, a CCT school, awarded HBC contracts worth \$530,000 between 2010 and 2012. In the same time period, she and her husband solicited and received \$242,000 from HBC for their personal use. Stone Child College received \$9.3 million in direct Federal funding from DOI between 2010 and 2013. Figure 5 illustrates the relationships among the indicted persons and the flow of contracts and kickbacks.

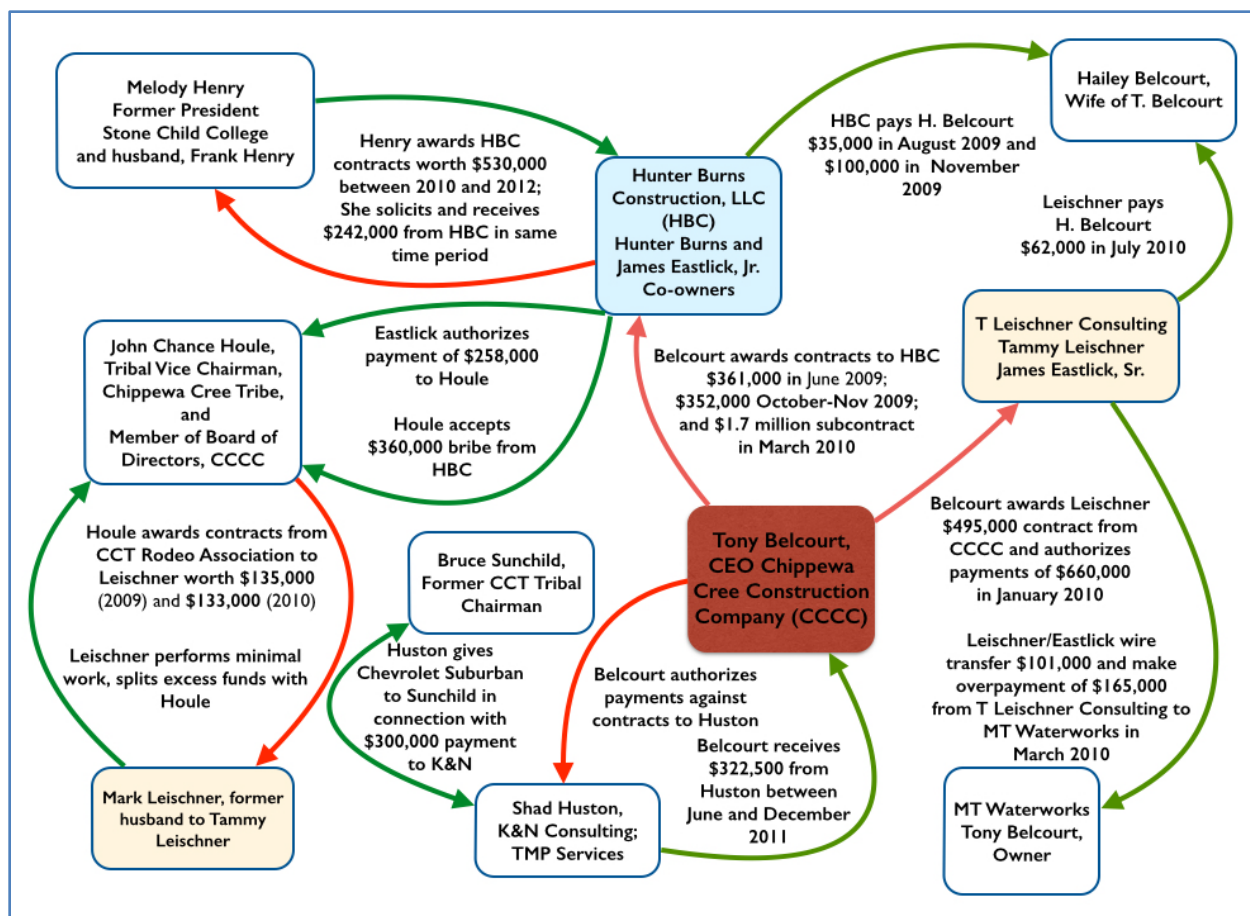


Figure 5. Relationships among persons investigated by the “Guardians Project” task force.

As of September 30, 2014, 7 of the 14 individuals involved have pleaded guilty to charges including—

- paying or accepting bribes;
- theft from a program receiving Federal funds;
- theft from an Indian tribal organization;
- tax fraud;
- bank fraud;
- failure to file currency transaction report; and
- conspiracy to submit false claims.

Tony and Hailey Belcourt, Hunter Burns, and James Eastlick, Sr., have been sentenced. Tammy Leischner, James Eastlick, Jr., and Shad Huston will be sentenced in November and December 2014. Three other participants in the scheme were arrested, including Tammy Leishner’s husband, Mark, and two CCT officials, John Chance Houle and Bruce Sunchild. Figure 6 outlines the indictments and sentencing handed down as of September 30, 2014.

<p><b>18 Indictments Issued</b> A Federal grand jury returned 18 indictments against 14 persons between April 2013 and August 2014.</p>	<p><b>Tribal Officials:</b></p> <ul style="list-style-type: none"> <li>• Bruce Sunchild, former CCT Tribal Chairman</li> <li>• John Chance Houle, Chippewa Cree Tribal Vice Chairman</li> <li>• Tony Belcourt, CEO and Contracting Officer, Chippewa Cree Construction Corporation</li> <li>• Melody B. Henry, former President, Stone Child College</li> <li>• Wade Colliflower, Vice President of CCT Rodeo Association and President of the Bear Paw Indian Rodeo Association</li> </ul>	<p><b>Others:</b></p> <ul style="list-style-type: none"> <li>• Hailey Belcourt, wife of Tony Belcourt</li> <li>• Tammy and Mark Leischner</li> <li>• Brendan Leischner, son of Tammy and Mark Leischner</li> <li>• James Eastlick, Jr. (brother to Tammy Leischner)</li> <li>• James Eastlick, Sr. (father to Tammy Leischner)</li> <li>• Hunter Burns, co-owner of Hunter Burns Construction LLC</li> <li>• Shad Huston, K&amp;N Consulting</li> <li>• Frank Henry, husband to Melody Henry and former Facilities Department Manager for Stone Child College</li> </ul>
<p><b>Total Months in Federal Prison Handed Down by U.S. District Court</b></p>	<ul style="list-style-type: none"> <li>• 90 months for Tony Belcourt</li> <li>• 2 months for Hailey Belcourt</li> <li>• 6 months for Hunter Burns</li> <li>• 12 months for James H. Eastlick, Sr.</li> </ul>	
<p><b>Fines and Criminal Forfeiture Ordered by U.S. District Court</b></p>	<ul style="list-style-type: none"> <li>• \$125,000 fine for Hunter Burns and Hunter Burns Construction LLC</li> <li>• \$311,000 forfeiture against Tony Belcourt (cash, personal property including a second home, and his business ownership in MT Waterworks)</li> </ul>	
<p><b>Restitution Ordered by U.S. District Court</b></p>	<ul style="list-style-type: none"> <li>• \$667,183 jointly and severally against Tony Belcourt</li> <li>• \$156,183 jointly and severally against Hailey Belcourt</li> <li>• \$311,000 jointly and severally against James H. Eastlick, Sr.</li> </ul>	

Figure 6. Outcomes from “Guardians Project” task force investigations, as of September 30, 2014.

#### *Former Assistant Secretary for Insular Affairs Directed Award of Grants*

We concluded our investigation into the handling of Federal grants by Anthony Babauta, now former Assistant Secretary for Insular Affairs.<sup>4</sup> OIG investigators gathered extensive evidence showing that Babauta directed the award of two Office of Insular Affairs (OIA) grants worth \$401,208 and \$50,000 to the University of Guam (UOG) to support the Micronesian Center for a Sustainable Future (MCSF).

Both grants went to Babauta’s former employer at UOG, who subsequently hired Babauta’s friend as the MCSF project coordinator. UOG allowed the MCSF project coordinator to expend \$32,636 in grant funds on unallowable expenses, many of which were of personal benefit to the coordinator. In a July 12, 2013 memorandum, Acting Assistant Secretary for Insular Affairs

<sup>4</sup> This case closed in FY 2013 but was not issued to the public until FY 2014.

Eileen Sobeck informed UOG that OIA was terminating the grants and that the remaining funds—approximately \$378,818—were being deobligated and returned to the Federal Government.

On November 17, 2012, the DOI Chief of Staff placed Babauta on administrative leave. Babauta officially resigned as the Assistant Secretary for Insular Affairs on January 24, 2013.

#### *Theft of Federal Funds for the Coastal Impact Assistance Program*

Evidence uncovered during our audit of CIAP grants led to a joint investigation with the FBI to determine whether the irregularities found during the audit violated Federal law. Investigators determined that the executive director of the Mississippi Department of Marine Resources, William Walker, along with two other employees and his son, Scott Walker, had converted Federal funds for personal gain. This included diverting money to the bank account of a nonprofit corporation created by William Walker.

William and Scott Walker were indicted on one count each of theft concerning programs receiving Federal funds; both pleaded guilty. William Walker was sentenced to 5 years in Federal prison followed by 3 years post-release supervision and ordered to pay a \$125,000 fine and \$572,689 in restitution to the National Park Service (NPS), the National Oceanic and Atmospheric Administration (NOAA), and the State of Mississippi. His son was sentenced to 18 months in Federal prison, followed by 3 years post-release supervision, and ordered to make restitution of \$390,000 to NPS, NOAA, and the City of D'Iberville, MS.

#### *Former Professor Sentenced for Defrauding Federal Government*

Former University of California – Los Angeles (UCLA) physics professor Alfred Y. Wong was convicted for defrauding the Federal Government of approximately \$1.7 million in Federal contracts awarded between 2004 and 2009 to the International Foundation for Science, Health, and the Environment. Wong, former president of the foundation, submitted false invoices, directed employees to work on his personal property, fraudulently billed the Government for work that was never performed, and carried out other criminal acts.

Our joint investigation with the Defense Criminal Investigative Service, an office in the U.S. Department of Defense OIG, resulted in the U.S. District Court for the Central District of California sentencing Wong to 5 days in prison, 6 months of home confinement with electronic monitoring, 18 months of supervised probation, 300 hours of community service, a \$150,000 fine, \$136,000 in restitution to UCLA, and \$1.4 million in civil fraud penalties and restitution to the Federal Government. Based on the conviction, Wong and the foundation were suspended and debarred from conducting business with the Government for a period of 5 years.

#### *Yurok Tribe Forestry Embezzlement of Federal Funds*

OIG and the FBI jointly investigated Roland Raymond, the Yurok Tribe's former director of forestry, for embezzling Federal funds provided to the Tribe by submitting false invoices through Mad River Biologists, a biological consulting firm contracted to conduct scientific assessments and environmental projects in support of Endangered Species Act projects.

Raymond pleaded guilty in May 2013 to embezzling roughly \$850,000 in funds that BIA had awarded to the Yurok Tribe for scientific and environmental contracts. He admitted to conspiring with Mad River Biologists' owner, Ronald LeValley, to steal the tribal funds by generating false invoices for scientific and environmental work that was either unnecessary or never performed.

The U.S. District Court for the Northern District of California sentenced Raymond to 37 months in prison and 3 years of supervision following his release and ordered him to pay a \$100 felony assessment, restitution in the amount of \$752,000 to the Yurok Tribe, and \$100,000 to the Great American Insurance Group, which insured the Yurok Tribe's fidelity and crime policy and paid its dishonesty claim as a result of the former director's negligence.

On February 11, 2014, LeValley pleaded guilty to a single count of conspiracy to commit embezzlement and theft from an Indian tribal organization. On May 20, 2014, LeValley was sentenced to 10 months in prison, 3 years of supervised release, and 100 hours of community service. He was also ordered to split the restitution amount equally with Raymond.

DOI also suspended and debarred Raymond from conducting business with the Federal Government for a period of 3 years, effective May 7, 2014.

## **Public Safety and Environmental Stewardship**

DOI has a responsibility to ensure public safety and protect the environment from adverse effects resulting from activities or conditions on DOI-managed lands. Threats to public safety and the environment are as diverse as DOI's mission: energy production that emits contaminants into the environment, visitors to National Parks who are caught unaware by rapid changes in weather, or aging infrastructure that puts individuals and nearby communities at risk. The reports highlighted here—on underground injection control wells and falsification of blowout preventer tests—illuminate the challenges DOI faces in protecting the public and the environment while overseeing energy production on Federal lands.

### **Audits, Inspections, and Evaluations**

#### *Management of Underground Injection Control Wells*

Underground injection control wells are used to store or dispose of a variety of hazardous and nonhazardous wastes and fluids. These wells, if not managed properly, can pollute underground water supplies. The U.S. Geological Survey estimated in 2013 that more than 100 million people in the United States, about 35 percent of the population, receive their drinking water from public groundwater systems.

The Safe Drinking Water Act, passed in 1974, authorizes the U.S. Environmental Protection Agency (EPA) to regulate injection wells to protect underground sources of drinking water. Under this authority, EPA created the Underground Injection Control (UIC) Program and subsequent UIC regulations. EPA classifies wells based on the type of planned or active injection and the depth of injections that could or do pollute drinking water.<sup>5</sup>

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<sup>5</sup> For a more detailed description of EPA's six types of underground injection control wells, see [EPA's classification of Underground Injection Control Wells](#). EPA estimates that there are between 400,000 and 650,000 class V wells in the United States.

While we initiated reviews of Class II and Class V injection wells, we focused on Class V wells because they pose the greatest threat to drinking water due to their prevalence and impact on groundwater quality. Class V wells are used to inject nonhazardous fluids into or above underground sources of drinking water, use gravity to drain fluids, and include such things as cesspools and drainage for storm water. DOI has thousands of Class V wells on Federal lands, including specific types of Class V wells prohibited by EPA in 2005. With hundreds of thousands of acres under the management of the Department's bureaus, the possible impact of noncompliance with EPA's safe drinking water regulations is significant.

Our review uncovered several significant weaknesses in DOI's management and oversight of Class V wells. In addition to the absence of departmental guidance to help bureaus comply with EPA regulations, we found that DOI and bureau officials were unaware of the scope of EPA's definition of Class V wells, making it impossible to track, maintain, or identify these wells. In the absence of accurate inventories, we were unable to determine the exact number of banned wells still in existence. The lack of accurate inventories also meant that DOI was unable to comply with EPA's reporting requirements. We made seven recommendations to help the Department and its bureaus improve management of Class V wells, fully comply with Federal regulations (including the closing of banned wells), and protect underground sources of drinking water.

## **Investigations**

### *Falsification of Blowout Preventer Tests*

We investigated Stone Energy Corporation (SEC) and Helmerich and Payne International Drilling Company (H&P) for falsifying blowout preventer tests. Receiving these allegations in the aftermath of the *Deepwater Horizon* explosion and oil spill in the Gulf of Mexico, illustrates the ongoing need for oversight of energy production.

SEC operated a Federal lease, which authorized the company to produce minerals from the Outer Continental Shelf, and SEC contracted H&P to drill multiple oil wells within the Gulf of Mexico. Federal regulations required SEC and H&P to maintain well control at all times. In order to meet this mandate, the companies were specifically required to pressure test the blowout preventer system. Our investigation determined that on at least six occasions between February 14, 2010, and May 8, 2010, H&P knowingly falsified blowout preventer system test results.

On November 8, 2013, the U.S. District Court for the Eastern District of Louisiana sentenced H&P to 3 years of probation and ordered it to pay a \$6.4 million fine and a \$125 assessment based on a plea agreement in which the company agreed to plead guilty to one count of knowingly making and delivering false writings.

## **Prevention and Outreach Activities**

Opportunities for fraud, waste, and mismanagement of Federal funds and resources exist throughout DOI. Since 2010, OIG has developed an outreach program that provides education briefings on fraud awareness and other topics to prevent wrongdoing before it occurs. We are continuously open to new venues or new applications of technology through which we can educate DOI employees, contractors, grant recipients, and any other recipients of Federal funding about fraud and how to identify it.

## **Fraud Awareness Briefings**

Fraud awareness briefings continue to serve as the cornerstone of our outreach program to educate DOI employees, contractors, grant recipients, and others on what constitutes fraud and how to identify it. An OI outreach team delivers the briefings to DOI employees through DOI University classes and to contractors and grant recipients through other venues. In FY 2014, we conducted more than 60 briefings to more than 2,200 Federal employees.<sup>6</sup>

The briefings also inform DOI employees, contractors, and grant recipients of OIG's role in protecting the integrity and accountability of DOI programs and functions. Investigations of wrongdoing often begin when someone provides information to OIG, either through the Hotline or other means. To ascertain whether persons attending the Fraud Awareness Briefings were more likely to file a complaint, we added an option this year on the OIG Hotline where people who are filing a complaint may indicate whether they attended a fraud briefing.

At least two individuals who attended the briefings came forward with information this year, resulting in OI opening up at least one investigation. We will continue to use these briefings to raise awareness and foster channels through which DOI employees, contractors, and grantees are willing to report actual or potential fraud to OIG.

## **Hurricane Sandy**

After Hurricane Sandy devastated large swaths of the East Coast in 2012, DOI received \$787 million to support storm relief and recovery efforts. Emergency contracts and grants for disaster response are often at increased risk of fraud due to the speed at which monies are disbursed. To help reduce or prevent fraudulent use of relief funds, OIG staff analyzed data on contracts and grants disbursed for recovery efforts to identify high-risk recipients. We identified these recipients based on several characteristics, such as the dollar value of the contract or grant or the number of modifications made to a contract. We then reached out to those individuals or companies to provide fraud awareness briefings and heighten awareness of OIG's role. To date, we have reached 400 persons covering 35 disaster relief projects or grants. These efforts will continue into FY 2015.

## **New Outreach Opportunities**

OIG had a unique opportunity to share our expertise with a delegation from Libya's Ministry of Oil and Gas that visited the United States in December 2013 to look at issues of transparency in oil and gas. Representing the Ministry's Standing Committee for Transparency and Anti-Corruption, the delegates met with OIG staff in Lakewood, CO, to learn how we conduct oversight of DOI's energy operations. The delegation was particularly interested in how the Energy Audits and Energy Investigations Units conduct their work and raise fraud awareness within DOI. The group's visit was sponsored by the U.S. Department of State. The delegation took away best practices for conducting investigations and audits and insight into the many ways fraud can be committed in the oil and gas sector.

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<sup>6</sup> We developed an interactive fraud awareness program, which is available at <http://www.doi.gov/oig/interactive-fraud-program.cfm>.



OIG also collaborated extensively with USBR and BLM in FY 2014:

- Small business specialists from USBR's Acquisition and Assistance Management Division shared a booth with OIG at a Federal Business Council outreach event at the Denver Federal Center. USBR, in turn, invited OIG staff to participate in its quarterly outreach events beginning in fall 2014.
- BLM grant management officers requested a fraud briefing, which we recorded for them to be posted on a BLM website for viewing by contractors and grant recipients. The Bureau's Grants Management Office has requested additional briefings to staff in other BLM locations in FY 2015. Smart use of technology will help us enhance and expand training delivery. For example, OIG is working with BLM's National Training Center to use BLM's web streaming and video recording capabilities to record and broadcast fraud awareness briefings to a wider audience in DOI and externally to contractors and grant recipients.
- BLM's Procurement Office in Denver, CO, requested a fraud briefing for its procurement personnel and later reached out again for a briefing on OIG's suspension and debarment program via webinar.

We also expanded our external outreach efforts in FY 2014 at several professional and trade conferences throughout the country, including the 24th Annual Government Procurement Conference in Washington, DC, and the Booming Oil, International Trade, and Government Contracting Event in Corpus Christi, TX. The October 2013 shutdown of the Federal Government prevented us from providing an exhibit booth at the Colorado Association of Certified Fraud Examiners' conference in Denver.

The additional requests from DOI bureaus for OIG fraud awareness briefings and for OIG staff to participate in events for grants management specialists and procurement personnel represent significant progress in our efforts to build our prevention and outreach program. We continue to identify audiences who would benefit from learning how to (1) identify indicators of fraud, (2) be in a position to spot potential fraud, and (3) take appropriate action.

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## **Part II. Special Functions**

### **Office of General Counsel**

The Office of General Counsel (OGC) provides legal advice in support of OIG's mission-related work and management. OGC lawyers provide legal advice to investigations, audits, evaluations, and inspections; help draft or revise OIG policies; respond to Freedom of Information Act (FOIA) requests; provide ethics training to OIG staff; and provide legal expertise to OIG management and staff on matters of acquisitions, employment and administrative law, and ethics.

### **Mission-Related Support**

The part played by OGC in our evaluation of NPS' methodology for funding law enforcement activities at the Presidio of San Francisco, a national historic landmark, illustrates OGC's vital role. Technical reviews such as this one require specialized knowledge of laws applicable to Federal Government programs and operations.

Established in 1776, the Presidio served as a military outpost for Spain, followed by Mexico, until the U.S. Army took it over in 1846. In 1994, Congress incorporated the Presidio into the Golden Gate National Recreational Area and made NPS responsible for converting the Presidio from an active military post to a national historic landmark.

In 1996, the Presidio Trust Act created the Presidio Trust, whose purpose is to preserve the Presidio and transform it for public use. The trust manages the part of the Presidio that holds most of the site's infrastructure and buildings. The Act also required the trust to enter into a memorandum of agreement with the Secretary of the Interior to have the U.S. Park Police (USPP), a unit within NPS, provide law enforcement activities and services at the Presidio.

When OIG staff evaluated the criterion and methodology used by NPS for funding USPP's services to the trust, OGC staff determined that the arrangement violated appropriations law when it used its construction account to temporarily fund USPP services provided to the trust. Specifically, NPS violated the Purpose Statute, 31 U.S.C. § 1301(a), which states that an appropriation's funds may be applied only to the appropriation's purpose unless otherwise provided by law. When NPS attempted to justify its methodology under the Economy Act, OGC provided the evaluation team with a legal opinion explaining why the Economy Act does not permit NPS to disregard the Purpose Statute.

### **Customer Service**

FOIA and the Privacy Act give people the right to request access to records held by agencies of the Federal Government. OIG's FOIA and Privacy Act staff review all requests for OIG records or information and determine whether any content is exempted from disclosure under the nine exemptions and three exclusions under FOIA or exemptions under the Privacy Act. FOIA and Privacy Act staff then provide any requested record or portion of a record that can be separated after deleting the portions that are exempt from disclosure.

OIG staff who work on FOIA requests have worked hard in the past 2 years to improve the timeliness for processing requests and address the backlog. For this fiscal year, DOI had set a goal that the backlog be reduced to 40 cases. Even though the team lost two staff, they reduced the number of backlog cases to 16. Their achievements won praise from the Department.

## **Whistleblower Protection and Ombudsman Program**

Whistleblower protection programs were originally established in 2003 in response to the Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002 (No FEAR Act). A number of new laws passed in recent years provide expanded protection to current and former Federal employees, applicants for Federal employment, and non-Federal employees who blow the whistle on federally funded contracts and grants.

- *The Whistleblower Protection Enhancement Act of 2012 (WPEA)* amended the Inspector General Act of 1978 (as amended) to require Inspectors General to designate an ombudsman position. The ombudsman has a duty to educate and train employees about prohibitions on retaliation for protected disclosures. WPEA also significantly expanded whistleblower protections and remedies for Federal employees, to include unique protections for employees who disclose scientific misconduct. WPEA made it easier for whistleblowers to establish a violation of the law and heightened agencies' burden of proof to defend against the allegation.
- *Presidential Policy Directive 19 (2013)* expanded whistleblower protection to employees who allege that their security clearances were withheld, revoked, or denied because of their whistleblowing activity. OIG is charged under this directive with the duty to investigate complaints.
- *The National Defense Authorization Act of 2013 (NDAA)* extended whistleblower protections to certain contractors and grantees, similar to the protections afforded non-Federal employees under the American Recovery and Reinvestment Act of 2009. Complaints pursuant to NDAA fall under OIG's investigative jurisdiction.

In addition to providing training on the substance of these new laws, the Whistleblower Protection Office has expanded to include a full-time investigator to meet the demands of increased OIG authority and an anticipated increase in the number of complaints filed. OIG is approximately 98 percent compliant with the training requirements necessary to achieve certification from the U.S. Office of Special Counsel. Fostering a work environment in which reprisals are not tolerated requires a well-educated constituency.

Preventing retaliation is the hallmark of the Whistleblower Protection Office, and experience demonstrates that prevention is the harvest of education, advisory support, and investigative and audit oversight.

## Administrative Remedies Division

The Administrative Remedies Division (ARD), a unit in OI, reviews claims regarding the integrity and performance of contractors and financial assistance recipients for purposes of recommending to DOI whether a company or individual should be allowed to conduct business with the U.S. Government.

Administrative Remedies in FY 2014	
Recommendations to suspend	15
Recommendations to debar	39
Compliance and ethics agreements completed	2

Figure 7. FY 2014 suspension and debarment recommendations.

Overall, ARD offered DOI's Suspending and Debarring Official 54 recommendations and assisted in negotiating 2 compliance and ethics agreements in FY 2014 (see Figure 7). A compliance and ethics agreement is used in lieu of suspension or debarment between a company or individual and an agency; it typically includes acceptance of responsibility for the conduct that gave rise to the agreement, a requirement for a code of ethics, a training program for all employees, an audit and internal control program, a compliance program, and a mechanism for reporting misconduct. Violating the agreement provides an independent cause for debarment. Here we highlight ARD's collaboration with EPA on the negotiations to lift the suspension and debarment of BP.

### BP Suspension and Statutory Debarment Lifted

OIG staff played a vital role in negotiating an administrative agreement that would allow EPA to lift the suspension and statutory debarment of BP from doing business with the Federal Government. Under the jurisdiction of EPA and the Clean Water Act, the suspension and debarment of BP was put in place after the *Deepwater Horizon* explosion and oil spill in 2010 and remained in effect while the criminal cases that arose from the event worked through the judicial process.

While criminal remedies are effective tools for combating misconduct, suspension and debarment are effective administrative tools to protect Federal programs and significant interests by ensuring that the Government does not do business with individuals or organizations that are not "presently responsible" (i.e., those that have engaged in criminal or other improper conduct or that demonstrate grievously poor performance).

Given DOI's responsibility to award, manage, and oversee oil and gas leases and enforce regulations governing operations in the Outer Continental Shelf, the BP negotiations were particularly important to OIG. ARD staff consulted closely with EPA, provided assistance in drafting and negotiating the administrative agreement, and maintained communication between EPA and DOI.

Meanwhile, the *Deepwater Horizon* criminal cases went forward, and DOI OIG and EPA OIG special agents and others played a vital role in the investigations that led to a January 29, 2013 Clean Water Act conviction, a seaman's manslaughter conviction (11 counts), a Migratory Bird Treaty Act conviction, and an obstruction of justice conviction. In addition, on December 10,

2012, the U.S. Securities and Exchange Commission (SEC) issued a judgment order based on BP having misled investors by understating the flow rate of the spill.

The administrative agreement between EPA and BP includes several provisions covering ethics and compliance programs, corporate governance, and process safety. In brief, BP must comply with all agreements, orders, and plans; meet process safety requirements; fulfill ethics and compliance requirements; and retain an EPA independent auditor to conduct annual reviews and report on BP's compliance with the agreement.

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## Part III. Organizational Achievements

OIG leadership committed 3 years ago to improving the quality and timeliness of communication within OIG, outreach to our stakeholders, and key OIG business processes. Informed by our Strategic Plan (2011 – 2016), we initiated projects to improve internal and external communication, reduce our footprint, and automate core business processes. In FY 2014, we launched a hiring initiative and realigned some units and staff; these actions should help us respond better to customer needs and realize some operational efficiencies.

### Internal Communication

We continue to strive toward planned, clear, and effective communications to give OIG staff the information they need to support the mission and understand organizational priorities and policies. Leadership signaled its commitment to improving internal communication by appointing a temporary Associate Inspector General (AIG) for Communication. The initial role of this AIG was to assess the state of OIG internal communication, identify gaps and impediments to good communication, and then design and implement communication products and activities that would improve overall internal communication.

After conducting a comprehensive internal communication assessment, we developed an executive communication plan designed to ensure that employees receive timely information regarding organizational decisions via executive memos—a “same time – same place – same channel” approach to messaging. The executive memos provide employees with the “how, what, and why” information about executive decisions and are released on the same time and day of the week in a common location to give employees easy access to the information.

We use our Intranet, the “Hub,” for that common location. About 5 years ago we invested in the development of an Intranet site built on a Microsoft SharePoint platform. In addition to providing a platform to announce and store communications from executives, the Hub also serves as a central place for staff to hear from senior executives and managers in blogs, read about significant OIG work, connect with colleagues, stay up-to-date on relevant issues, and provide comments and feedback to each other. We have not fully realized potential improvements to communication and collaboration through the Hub, however. Slow connection speeds in field offices discourage people from accessing it on a regular basis. We continue to work to remedy this challenge through changes to the SharePoint site and to our network connections.

Also identified through the communication assessment was the role played by first-line supervisors and managers in the internal communication process. Each manager and supervisor completed a communication self-assessment that was followed up with a 1-hour evaluation and counseling meeting. To complete the data gathering process, employees were given the opportunity to rate their supervisor’s communication effectiveness and indicate their preferred channels for receiving information. The data were digested into several reports and shared with OIG managers and staff, with the goal of identifying gaps and impediments to good communication. One-on-one meetings were offered to every manager to further review the

assessment results and develop strategies to work with their employees toward improving communication practices within their units.

## **Outreach to Stakeholders**

OIG strives to provide our stakeholders—the public, DOI, and Congress—with top-quality products and services. We do so by providing information that is accurate, actionable, and relevant. Our ability to provide the right type of information and be responsive to our key customers rests, in part, on conducting effective outreach.

Two years ago, we expanded outreach efforts to DOI officials and members of Congress and their staff. Our meetings were an opportunity to listen to their concerns and explain OIG's role and function. These discussions have resulted in new focus areas, the opening of new reviews, and greater budget certainty for OIG. While we strive to be responsive to all members of Congress, our outreach has resulted in especially productive working relationships with the Senate and House Appropriations Committees. At their request, we initiated several reviews to help address congressional concerns; those projects are described below.

### **BLM's Wildland Fire Program**

In FY 2013, BLM received more than \$250 million for its wildland fire program, making the program vulnerable to misuse of funds and potential fraud. Without compromising public safety, these dollars must be managed prudently. At the request of the House Appropriations Committee, OIG reviewed BLM's program budget for managing wildfires, specifically funding for fire preparedness and suppression in FYs 2010, 2011, and 2012; the controls over those funds; and the uses of those funds. We uncovered inadequate internal controls and inconsistent implementation of existing controls, resulting in improper charges to suppression accounts. While we are unable to project the full extent of these charges, BLM officials are taking steps to strengthen their monitoring of program spending and to address many of the control deficiencies we identified. We have also briefed staff from the House Committee on Natural Resources, and they have continued to express an ongoing interest in our work.

### **Indian Country Relocation Program**

House Appropriations Committee staff maintain a high level of interest in all Indian Country issues and OIG work in this focus area. In the last fiscal year and for the foreseeable future, the committee has provided OIG with additional funding to audit the relocation program for Navajo and Hopi Indians. At the request of a congressional subcommittee, we evaluated the Office of Navajo and Hopi Indian Relocation (ONHIR) operations to determine (1) the status of efforts to relocate Hopi and Navajo Indians, and (2) how the office is using its appropriated funds.

ONHIR is an independent agency responsible for assisting Hopi and Navajo Indians impacted by the relocation that Congress mandated in 1974 for members of the tribes who were living on each other's land. Initiated by the Navajo-Hopi Land Settlement Act of 1974, the relocation was intended to be a temporary process to resolve the decades-long land disputes among the tribes. Disagreements among the parties involved in the process have delayed final resolution and contributed to rising program costs. We anticipate completing our review in FY 2015.



## **Insular Areas – Government of Guam**

House Appropriations Committee staff requested briefings on OIG's ongoing oversight of DOI support to the Government of Guam (GovGuam). We provided briefings and documents that had not been released to the public. We did, however, publicly issue a report in FY 2014 regarding the capacity of GovGuam's Department of Revenue and Taxation (DRT) to collect the Business Privilege Tax (BPT) from contractors subject to the tax. We found that DRT's policies and procedures for identifying those contractors that are subject to the BPT and collecting those taxes are woefully inadequate.

We found that DRT may not be collecting taxes that it is owed. In a sample of 40 contracts totaling \$117 million, we found that DRT did not collect taxes from six contracts, even though none of these contractors supplied documentation to prove they were exempt from the BPT. If DRT had collected the 4 percent BPT on these contracts, DRT would have collected an additional \$414,414 in revenue.

The BPT, which applies to all persons or contractors on Guam, as well as contractors not located on the island but who conduct business on the island, made up 35 percent of Guam's tax revenue in FY 2012. Any business that has contracts with the Federal Government for U.S. military projects on Guam is subject to the tax. This includes the U.S. Department of Defense, which awards hundreds of contracts per year for projects on Guam. With more than 6,000 U.S. Marines and their dependents relocating to the island by 2020, the number of contracts for projects may increase in order to build the infrastructure necessary to accommodate this increased U.S. military presence.

## **Morris K. Udall and Stewart L. Udall Foundation**

At the request of the Senate Appropriations Committee, OIG reviewed the Morris K. Udall and Stewart L. Udall Foundation's internal controls in specific areas to determine whether they were consistent with accepted internal control standards and applicable laws and regulations. Although the foundation is an independent agency, the Consolidated Appropriations Act of 2014 gave us funds to audit and investigate the foundation. The specific areas we reviewed in the FY 2014 inspection were personnel actions, contracting actions, and monitoring and assessment processes under the Federal Managers' Financial Integrity Act.

OIG previously audited the foundation in 2012, at which time we identified gaps in internal controls over several important areas, including outside employment of Foundation staff, termination of employees, and contracting policies. We terminated the audit so as not to impede any future criminal or administrative investigation. GAO performed a follow-up on our review and issued its results in a December 6, 2013 report titled "Corrective Actions Under Way to Address Control Deficiencies at the Morris K. Udall and Stewart L. Udall Foundation" (Report No. GAO-14-95). GAO found that the foundation had developed a corrective action plan to address our findings and that the corrective action plan included steps to address deficiencies previously identified.

## **Office Consolidation**

In 2010, OIG instituted a long-range plan to reduce leased space costs through downsizing or office closures. We closed offices in Guam (2010); New York City (2011); Portland, OR (2012); and the U.S. Virgin Islands (2013). In July 2013, we downsized our offices in Honolulu, HI, and at the Main Interior Building in Washington, DC. Through the closures, we eliminated 8,013 square feet at a savings of \$351,386. Reducing our footprint in Hawaii and at the Main Interior Building eliminated 9,337 square feet at a savings of \$331,011.

The 2014 – 2015 consolidation of our Reston and Herndon, VA, offices in Herndon is the final phase of the plan. With the support of DOI and the Office of Management and Budget (OMB), we requested \$2 million in additional funding to complete the consolidation. Sequestration, multiple continuing resolutions, and the 3-week shutdown of the Federal Government in October 2013 delayed the receipt of the 1-year funding until January 2014.

The next challenge was to obligate the \$2 million allocated to us by Congress by September 20, 2014. Normally, the search for a new building takes 18 months. GSA offered us the Automated Advanced Acquisition Program option, which allows preapproved lessors to submit bids for the amount of space an agency needs. The Herndon building currently occupied by OIG staff offered the lowest bid. We extended our lease agreements in Herndon and Reston through September 2015, when we plan to move staff into the new space.

## **Automating Manual Processes**

Two years ago, we initiated technological changes to improve internal communication and automate core business processes. We moved our Intranet to SharePoint and acquired workflow software. The project was dubbed AMP to capture its purpose of Automating Manual Processes, and the online portal for the workflow tool is likewise called AMP. Two years on, implementation issues have diminished and user adoption rates have increased. Our expectations for how we use the new software have changed with experience, and we continue to find new ways in which these technological changes help us reach our goals.

Currently, 17 business processes are fully automated or in the testing phase. Last year, staff processed 2,961 actions through AMP (see Figure 8), compared with 487 actions in 2013. Now that many of our administrative business processes are automated, the next phase for AMP will focus on automating and integrating AIE's Statement of Independence forms, automating other SharePoint-based forms such as the After Action Review and WebEx Reservations, and developing a tracking system for training certifications (see Figure 9).

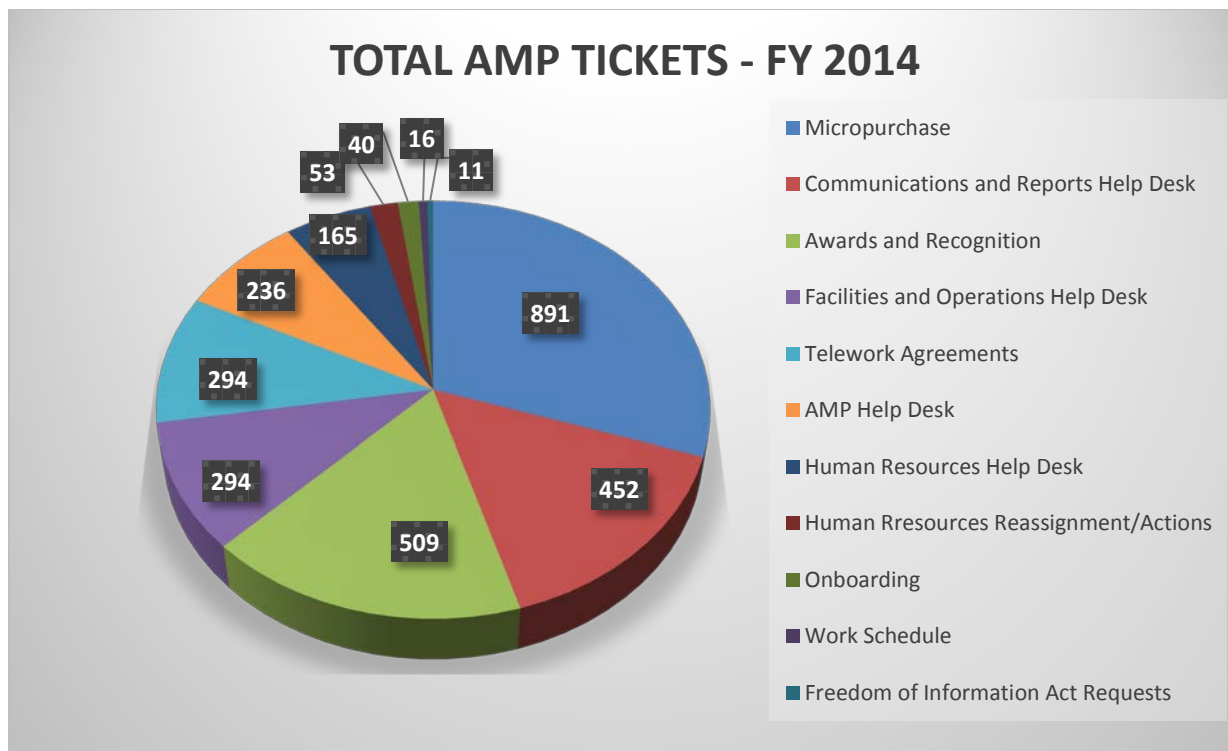


Figure 8. Distribution of AMP tickets submitted in FY 2014.

As we gain experience with workflows, we are realizing the benefits of automation, especially for processes involving multiple steps or handled by multiple people:

- Efficiency Gains.** Many of our processes have been streamlined, resulting in fewer steps or fewer people to complete. Users now submit one help desk ticket for micropurchases or other services that, in the past, may have required multiple tickets. The number of micropurchase requests, for example, declined by almost 50 percent as a result of using electronic workflows. In FY 2013, staff submitted 1,594 purchase approval forms (PAFs) using paper-based forms and AMP; in FY 2014, this number declined to 891. For example, subscribers to monthly publications previously were required to submit a PAF every month, but a recurring payment option in the workflow tool allows a subscriber to submit one PAF for the entire year through AMP.
- Cost Savings.** Workflows are reducing the amount of paper we consume every year. We estimated that we save almost 16,000 sheets of paper, or 32 reams, by processing telework agreements and micropurchases electronically.
- Quality Gains and Version Control.** OIG's Communications and Reports Unit realized tremendous benefits with the report editing and review processes becoming automated in FY 2014. At any one time, OIG writer-editors are monitoring 50 or more reports in various stages of drafting, editing, and review. AMP has improved our efficiency and increased the transparency of the editing process and helped reduce version control problems and bottlenecks.

In Testing Phase	Upcoming in FY 2015
AIE Statement of Independence	Individual Development Plans
After Action Reviews	CPE Tracking
Enhancements to Micropurchase/ PAF Process	WebEx Reservations
Awards Form Changes	Business Applications Services (BAS) Request Form

Figure 9. Next phases for automation of core business processes.

## Recruitment and Realignment of OIG's Workforce

Staff who are highly motivated, professional, knowledgeable, and skilled are OIG's most valuable asset. Over the past 3 years, OIG staffing levels diminished as people retired, took buyouts, or left the organization and their positions remained mostly unfilled. We pursued a conservative approach to hiring and spending to accommodate uncertain budgets, sequestration, and Government shutdowns. As a result of this approach, OIG did not furlough any employees in FY 2014.

We began hiring again in FY 2014, with almost 40 new employees coming onboard over the course of 5 months. The increased hiring activity allowed us to fill gaps in positions that had gone unfilled, such as teams examining information technology and workers' compensation issues, and expand our coverage of existing focus areas. We also realigned some units to reflect new OIG priorities and realize efficiency gains. For example, we combined our Central and Western regional investigative offices and placed more writer-editors in our Central office to support staff in Sacramento, CA, and Lakewood, CO. This allows writer-editors to conduct more face-to-face discussions with project teams and gets the writer-editors involved in more products earlier in the process.

### **AMP and OIG Recruitment**

*Automating our onboarding processes came just in time to hire 40 new staff within a 5-month period. Hiring and bringing new staff on board was previously an uncoordinated process that involved last-minute requests for computers, desk assignments, charge cards, passwords, and other things new employees need.*

*AMP allows everyone who needs to do something for a new employee to know the employee's arrival date and when specific actions are due and completed.*

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# Looking Ahead: Mission and Organizational Priorities in FY 2015

## Emerging Mission-Related Issues

OIG will continue to build on past experiences and train our resources on key focus areas that have the greatest impact on DOI's mission. Among the emerging issues we will review in FY 2015 are water and Indian education programs. As a major supplier of water in Western States, how DOI manages its water resources, infrastructure, and relationships with key partners will help determine whether households, farms, and industries have adequate water supplies in the future. The poor quality of education and education facilities provided by the Bureau of Indian Education contributes to the gap in performance between students in Indian schools and students elsewhere in the United States. We hope our findings and recommendations will help improve DOI's performance in both areas. We also intend to continue growing our workers' compensation program and revamp our prevention and outreach program to increase our effectiveness while using our resources efficiently.

## Water

The Nation currently faces increased water resource challenges due to aging infrastructure, rapid population growth, depletion of groundwater resources, impaired water quality, and climate change. Meanwhile, the demands for water for use in crop irrigation and to meet the needs of growing cities and communities, energy production, and the environment continue to grow. In 2010, DOI established the WaterSMART Program to coordinate efforts among States, tribes, local governments, and nongovernmental organizations to secure and stretch water supplies.<sup>7</sup> Reviews under consideration for FY 2015 include the following:

- Assess USBR's mechanisms for identifying, evaluating, and reporting on its aging infrastructure.
- Review cost allocations on USBR's major water projects to determine how much each project beneficiary owes the Federal Government. USBR allocates costs among multiple purposes, such as irrigation, municipal and industrial needs, energy production, and fish and wildlife support.
- Determine to what extent USGS' water census program has achieved its objectives of quantifying water supply and demand and providing complete data on water supplies to individuals and organizations in need of the information. This review may also assess the extent to which USGS has developed water use grant programs at the State level and how the bureau awards and monitors financial assistance to the States.
- Assess the effectiveness of USBR's rural water supply program, which works with rural communities in the 17 Western States to assess and meet water supply needs through Federal assistance, feasibility studies, and project planning support.

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<sup>7</sup> We evaluated three financial assistance programs under WaterSMART in FY 2014 and found that, overall, USBR manages the WaterSMART program well. See <http://www.doi.gov/oig/news/bureau-of-reclamations-sustainable-water-management-programs-and-activities.cfm>.

## **Indian Education**

At the request of Congress and OMB, we initiated an extensive review of schools funded by the Bureau of Indian Education (BIE), for which we expect to begin issuing reports in FY 2015. In 2013, the Senate Committee on Indian Affairs began a series of oversight hearings on the state of Indian education. These hearings highlighted the discrepancies in education. For example, only 52 percent of American students who attend BIE-funded schools graduate, compared with 76 percent in public schools.

Based on the issues covered in the oversight hearings and additional research by OIG staff, we selected three key areas to review:

1. Determine the quality of the safety measures in place at BIE-funded schools to prevent violence, against both students and staff and from internal and external threats;
2. Evaluate the programs in place at BIE-funded schools to improve educational achievement, specifically to close the achievement gap and increase graduation rates; and
3. Evaluate the physical conditions of BIE-funded school facilities.

## **Occupational Health and Safety and Workers' Compensation**

DOI is responsible for providing workplaces free from recognized hazards that cause or are likely to cause death or serious physical harm. Despite efforts to better manage the safety programs, DOI's workers' compensation costs, total case rate, and total lost-time cases have continued to climb over the past 3 years. DOI paid out \$44.8 million in 2012 and \$57.6 million in 2013. While DOI has been addressing the safety issues that give rise to claims, reducing or eliminating fraudulent claims would result in a real reduction in costs.

OIG began responding to DOI's concerns over rising program costs in FY 2014 by establishing workers' compensation as a focus area for OI and AIE. OI collaborated extensively with OIGs at the U.S. Postal Service and U.S. Department of Labor—two Government agencies with extensive experience in workers' compensation claims—to develop investigative policies and procedures, identify best practices, and train OIG investigators in our regional offices to work cases as they arise.

AIE will assess the current conditions of DOI's occupational health and safety and workers' compensation programs and identify the main contributing factors behind reported safety incidents, workers' compensation costs, and lost productivity. OIG staff met with Department officials and bureau safety managers to gain an understanding of relevant programs, policies, and concerns and collect workers' compensation and safety incident data.

As we gain experience evaluating DOI's programs and processing cases, our next steps include incorporating workers' compensation into our prevention and outreach program. Raising awareness among DOI managers and staff and increasing OIG's visibility in this area should help deter DOI employees from filing fraudulent claims, provide a greater emphasis on safe work environments, and ultimately reduce DOI's workers' compensation costs.

## **Prevention and Outreach Efforts**

We will undertake a major review of our outreach and prevention activities in FY 2015. One change we anticipate is expanding our focus beyond fraud to include ethical issues. We will also focus our efforts on programs known to involve high-risk activities, such as oil and gas operations; in geographical areas receiving large amounts of funding or obtaining large water and mineral settlements; and on groups with long-standing high rates of crime. For example, we will target outreach and prevention activities in geographically isolated regions, such as the Insular Areas, Indian Country, and oil and gas operations in Louisiana and Mississippi, where close-knit communities carry higher risks for conflicts of interest. Our intent is to use our resources to be more proactive while continuing to educate and deter instances of fraud and other types of wrongdoing.

## **Organizational Excellence**

Two major organization-wide initiatives focus on providing OIG staff and managers with tools to improve the quality of work and the working environment. Neither tool described below is new to OIG. Rather, our efforts in FY 2015 will focus on refining how we use these tools to produce top-quality products and services in the coming years.

### **After Action Reviews**

As part of our ongoing effort to improve OIG performance, we initiated the use of After Action Reviews (AARs) in FY 2014 to help managers and staff identify best practices and lessons learned. AARs are a structured tool and technique for analyzing *what* happened, *why* it happened, and *how* it can be done better by the participants and by those responsible for the activity, project, or event under review.

Deputy Inspector General Mary Kendall issued a policy outlining the purpose and use of AARs in August 2013. AARs are required for large and complex projects and recommended for other activities. By the end of FY 2014, 27 projects had undergone an AAR. The Office of Management (OM) used the tool to evaluate how OIG planned for and recovered from the October 2013 shutdown of the Federal Government. OM's review of the consolidation of OIG office space in Lakewood, CO, highlighted best practices and lessons learned that are being applied to the consolidation of OIG office space in Herndon, VA. OM also adjusted how it orients new employees to the organization based on the results of an AAR. OI and AIE conducted AARs to evaluate both mission-related jobs and internal processes.

With some experience with AARs behind us, OIG will consider whether changes need to be made to OIG policy on AARs or procedures to maximize the benefits. Our experience to date and an internal OIG survey confirmed that AARs help managers and project teams extract important information, such as lessons learned; can be a great learning tool for the team, as well as the rest of the organization; and can also lead to future improvements, but that we still have room for improvement in the process itself. We will review the AAR program to identify best practices and how to make AARs a more effective learning and improvement tool.



## **DiSC Behavioral Model**

In 2008, the DiSC Behavioral Model was introduced and administered to the OIG workforce as part of an initiative to improve internal communication and performance. Since then, OIG employees have used the model to improve communications within teams and units and with managers. The senior leadership team has decided to re-administer DiSC throughout the organization now that our hiring efforts are almost complete. DiSC will enhance our collaboration, improve teamwork, and develop effective communicators. All OIG employees will take the assessment and participate in training in FY 2015.

Unlike our prior rollout of DiSC, when we relied on one in-house trainer, this time we have assembled a cross-representational team of trainers. Each team member will be trained in the DiSC model and will administer the DiSC assessment to employees. The team will also provide regional training and guidance throughout the year to help staff incorporate DiSC within their daily communications. We believe using a team approach to build the program will help sustain our knowledge and use of DiSC more effectively than the single-trainer model used previously.

# Fiscal Year 2014 Organizational Measures

Deputy Inspector General and Chief of Staff	Target	Actual
1. Percentage of OIG discretionary work performed in FY 2014 in established focus areas for Office of Investigations (OI) and Office of Audits, Inspections, and Evaluations (AIE).	75%	81%
2. OIG Communication Index as measured by the 2014 Federal Employee Viewpoint Survey (% positive). <ul style="list-style-type: none"> <li>a. I have enough information to do my job well.</li> <li>b. I know how my work relates to the agency's goals and priorities.</li> <li>c. Managers communicate the goals and priorities of the organization.</li> <li>d. Managers promote communication among different work units.</li> <li>e. How satisfied are you with the information you receive from management on what's going on in your organization?</li> </ul>	69%	75%
3. OIG Leaders Lead Index score as measured by the 2014 Federal Employee Viewpoint Survey (% positive). <ul style="list-style-type: none"> <li>a. In my organization, senior leaders generate high levels of motivation and commitment in the workforce.</li> <li>b. My organization's leaders maintain high standards of honesty and integrity.</li> <li>c. Managers communicate the goals and priorities of the organization.</li> <li>d. Managers review and evaluate the organization's progress toward meeting its goals and objectives.</li> <li>e. I have a high level of respect for my organization's senior leaders.</li> <li>f. How satisfied are you with the policies and practices of your senior leaders?</li> </ul>	54%	60%
4. OIG Employee Engagement Index score as measured by the 2014 Federal Employee Viewpoint Survey (% positive). <ul style="list-style-type: none"> <li>a. I feel encouraged to come up with new and better ways of doing things.</li> <li>b. My work gives me a feeling of personal accomplishment.</li> <li>c. I know what is expected of me on the job.</li> </ul>	75%	77%

d. My talents are used well in the workplace.		
e. I know how my work relates to the agency's goals and priorities.		
<b>Office of Audits, Inspections, and Evaluations</b>	<b>Target</b>	<b>Actual</b>
1. Percentage of audits and evaluations with recommendations issued to the Department in FY 2014 that were preceded by an NPFR.	75%	100%
2. Target the Department's key vulnerabilities in information technology (IT) by establishing an Information Technology Audit Unit by May 16, 2014, and develop an IT Audit Plan by June 15, 2014.	May 16, 2014 June 15, 2014	May 1, 2014 May 27, 2014
3. Develop and retain talented employees who maintain the highest standards of professional conduct by ensuring that 75% of staff have completed at least 20 hours of training that meets continuing professional education requirements by September 30, 2014, and in accordance with new AIE training plan.	75%	96%
4. Percentage of AIE discretionary work completed in FY 2014 in focus areas.	75%	80%
5. OIG Communication Index score for AIE as measured by the 2014 Federal Employee Viewpoint Survey (% positive). a. I have enough information to do my job well. b. I know how my work relates to the agency's goals and priorities. c. Managers communicate the goals and priorities of the organization. d. Managers promote communication among different work units. e. How satisfied are you with the information you receive from management on what's going on in your organization?	69%	75%
<b>Office of Investigations</b>	<b>Target</b>	<b>Actual</b>
1. Percentage of OI discretionary work initiated in FY 2014 that is within the established focus (priority) areas and contributes to the prevention, detection, and deterrence of fraud (closed in FY 2014).	75%	81%
2. Average number of days to complete ARD action referral memoranda for delivery to DOI's Suspension and Debarment Officer, calculated from the date on which all necessary information is available.	45 days	23 days

3. Percentage of non-judicial investigations completed within 1 year of open date of assignment in accordance with established standards.	85%	92%
4. Promote detection, prevention, and deterrence of fraud by establishing workers' compensation fraud investigative team by end of FY 2014, including the development of a unit work plan and staffing. Steps include— <ul style="list-style-type: none"> <li>a. hiring actions;</li> <li>b. establishing investigative policies and procedures for the unit; and</li> <li>c. examining the DOI universe of claimants for potential fraud.</li> </ul>	2 of 3 steps completed by end of FY 2014	Step a: OIG reassigned one FTE; DOI detailed one FTE to assist in establishing the program. Step b: A draft policy was completed on time. Step c: The procedure for identifying and examining the universe of DOI claimants was completed early.
5. OIG Employee Engagement Index score for OI as measured by the 2014 Federal Employee Viewpoint Survey (% positive). <ul style="list-style-type: none"> <li>a. I feel encouraged to come up with new and better ways of doing things.</li> <li>b. My work gives me a feeling of personal accomplishment.</li> <li>c. I know what is expected of me on the job.</li> <li>d. My talents are used well in the workplace.</li> <li>b. I know how my work relates to the agency's goals and priorities.</li> </ul>	75%	75.3%
<b>Office of Management</b>	<b>Target</b>	<b>Actual</b>
1. Average number of days to edit products by the Communications and Reports Unit (CRU), in accordance with OIG policy, standardized report writing processes, and the OIG style manual. Changes to policy requiring more steps for CRU would require target adjustments.	20 days	10 days
2. Percentage of new hires completed within 65 days from receipt of approval to hire by the Human Resources Division to the job offer date.	70%	78%

<p>3. OM Management Index score as measured by the 2014 Federal Employee Viewpoint Survey and the 2014 OIG Annual Employee Survey.</p> <p>From OIG internal survey:</p> <ul style="list-style-type: none"> <li>a. Over the past year, my senior leader (SES) and/or Deputy AIG clearly explained the rationale for decisions made in my unit (AIE, OM, OI, etc.).</li> <li>b. I can contact and speak openly with senior leaders (SES) if I want to.</li> <li>c. I get the information I need to communicate OIG-wide issues to my staff.</li> <li>d. Over the past year, work processes in my unit (AIE, OM, etc.) were consistently applied or executed.</li> </ul> <p>From the 2014 Federal Employee Viewpoint Survey (percentages are for all OIG):</p> <ul style="list-style-type: none"> <li>a. I feel encouraged to come up with new and better ways of doing things.</li> <li>b. I know what is expected of me on the job.</li> </ul>	<p>70%</p>	<p>78%</p>
<p>4. Achieve measurable progress toward an improved SharePoint experience for employees:</p> <ul style="list-style-type: none"> <li>a. Phase I (FY 2014) – SharePoint review with Microsoft.</li> <li>b. Phase II (FY 2014) – Upgrade of all OIG WAN circuits. DS3 upgrade project is in conjunction with Verizon and OCIO, and will result is higher bandwidth between OIG locations.</li> <li>c. Phase III (FY 2014) – Procure and engage Microsoft Premium Services, which includes a detailed code review engagement.</li> </ul>	<p>2 of 3 phases completed by September 30, 2014</p>	<p>Phase I – Completed. SharePoint review provided numerous small changes, some of which have already improved speed.</p> <p>Phase II – Completed. OIG upgraded WAN circuits. We will begin using these circuits when Verizon has completed its site work.</p> <p>Phase III – Completed. We have made changes based on the code review and are</p>

		testing an array of other potential improvements.
5. Percentage of monthly OM reports regarding travel, training, and purchasing that are delivered to OIG managers by the 7th business day of each month.	80%	100%
<b>Office of General Counsel</b>	<b>Target</b>	<b>Actual</b>
1. The FOIA Team will reduce the number of pending matters that existed at the beginning of this fiscal year (52) by at least 75% by the end of FY 2014.	75%	94%
2. Using established policies, the FOIA Team will process at least 7 of the oldest FOIA matters that existed at the beginning of the fiscal year.	7	10
3. Percentage of OIG employees who receive training by OGC and who respond to the survey that they would recommend the training to colleagues performing similar work.	75%	100%
4. OIG Communication Index score as measured by the 2014 Federal Employee Viewpoint Survey (% positive).	69%	75%
5. OIG Leaders Lead Index score as measured by the 2014 Federal Viewpoint Survey (% positive).	54%	60%
<b>Associate Inspector General for Communication</b>	<b>Target</b>	<b>Actual</b>
1. A comprehensive plan to improve executive communication is accepted and approved by the Deputy Inspector General by the target date.	March 2014	Jan 2014
2. Number of new strategies introduced for executives to implement to improve the coordination and dissemination of executive communication with OIG personnel.	2	3
3. Percentage increase of positive score ratings in the 2014 Federal Employee Viewpoint Survey for the question, "How satisfied are you with the information you receive from management on what is going on in your organization?"	+5%	-0.6%
4. Percentage increase of the OIG Communication Index score as measured by the 2014 Federal Employee Viewpoint Survey (% positive): a. I have enough information to do my job well. b. I know how my work relates to the agency's goals and priorities. c. Managers communicate the goals and priorities of the	5%	0.2%

<p>organization.</p> <p>d. Managers promote communication among different work units.</p> <p>e. How satisfied are you with the information you receive from management on what's going on in your organization?</p>		
<p>5. OIG Employee Engagement Index score as measured by the 2014 Federal Employee Viewpoint Survey (% positive):</p> <p>a. I feel encouraged to come up with new and better ways of doing things.</p> <p>b. My work gives me a feeling of personal accomplishment.</p> <p>c. I know what is expected of me on the job.</p> <p>d. My talents are used well in the workplace.</p> <p>e. I know how my work relates to the agency's goals and priorities.</p>	75%	77%
<b>Policy Advisor</b>	<b>Target</b>	<b>Actual</b>
<p>1. OIG Communication Index score as measured by the 2014 Federal Employee Viewpoint Survey (% positive):</p> <p>a. I have enough information to do my job well.</p> <p>b. I know how my work relates to the agency's goals and priorities.</p> <p>c. Managers communicate the goals and priorities of the organization.</p> <p>d. Managers promote communication among different work units.</p> <p>e. How satisfied are you with the information you receive from management on what's going on in your organization?</p>	69%	75%
<p>2. OIG Employee Engagement Index score as measured by the 2014 Federal Employee Viewpoint Survey (% positive):</p> <p>a. I feel encouraged to come up with new and better ways of doing things.</p> <p>b. My work gives me a feeling of personal accomplishment.</p> <p>c. I know what is expected of me on the job.</p> <p>d. My talents are used well in the workplace.</p> <p>e. I know how my work relates to the agency's goals and priorities.</p>	75%	77%

3. Target the Department's key vulnerabilities in IT by establishing an Information Technology Audit Unit by May 6, 2014, and develop an IT Audit Plan by June 15, 2014.	May 16, 2014 June 15, 2014	May 1, 2014 May 27, 2014
4. OIG Leaders Lead Index score as measured by the 2014 Federal Employee Viewpoint Survey (% positive). <ul style="list-style-type: none"> <li>a. In my organization, senior leaders generate high levels of motivation and commitment in the workforce.</li> <li>b. My organization's leaders maintain high standards of honesty and integrity.</li> <li>c. Managers communicate the goals and priorities of the organization.</li> <li>d. Managers review and evaluate the organization's progress toward meeting its goals and objectives.</li> <li>e. I have a high level of respect for my organization's senior leaders.</li> <li>f. How satisfied are you with the policies and practices of your senior leaders?</li> </ul>	54%	60%