



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

**REVIEW OF RECOMMENDATIONS 1, 4,
11, 12, 16, AND 17 FROM THE REPORT
TITLED *FINANCIAL MANAGEMENT
DIVISION, OFFICE OF NATURAL RESOURCES
REVENUE* (REPORT NO. CR-IN-ONRR-
0007-2014)**

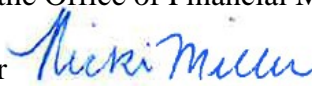


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Memorandum

SEP 30 2019

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

From: Nicki Miller 
Regional Manager, Eastern Region

Subject: Verification Review – Recommendations 1, 4, 11, 12, 16, and 17 From the Report
Titled *Financial Management Division, Office of Natural Resources Revenue*
(Report No. CR-IN-ONRR-0007-2014)
Report No. 2019-ER-059

The Office of Inspector General has completed a verification review of six recommendations in the subject report. Our objective was to determine whether the Office of Natural Resources Revenue (ONRR) implemented recommendations 1, 4, 11, 12, 16 and 17 as reported to the U.S. Department of the Interior's Office of Financial Management (PFM), Office of Policy, Management and Budget. On multiple dates¹, the PFM reported to us that it had closed these six recommendations. Based on our review, we concur that these recommendations have been implemented.

Background

Our June 2016 report, *Financial Management Division, Office of Natural Resources Revenue*, made 17 recommendations designed to address inefficiencies and internal control issues found in ONRR's Financial Management Division.

On February 26, 2016, ONRR responded to our draft report, concurring with the 17 recommendations. In a June 15, 2016 memorandum, we noted that all recommendations were resolved but not implemented and referred the recommendations to the PFM Division Chief to track their implementation. All 17 of the recommendations have subsequently been closed.

Scope and Methodology

We limited the scope of this review to determining whether ONRR took sufficient action to implement Recommendations 1, 4, 11, 12, 16, and 17. To accomplish this objective, we

¹ Recommendation 1 was closed on May 23, 2017. Recommendation 4 was closed on April 4, 2017. Recommendations 11 and 12 was closed on August 18, 2017. Recommendation 16 was closed on February 14, 2017. Recommendation 17 was closed June 13, 2018.

reviewed the PFM's documentation supporting its closure of the six recommendations. We also reviewed additional documentation provided by ONRR.

We did not test internal controls, visit any sites, or do fieldwork to determine whether the underlying deficiencies that we initially identified have been corrected. As a result, this review was not conducted in accordance with the Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States or the Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency.

Results of Review

Our review found that ONRR has resolved and implemented Recommendations 1, 4, 11, 12, 16, and 17.

Recommendation 1: Enforce the requirement for payors to provide critical payment information.

Actions Taken: In March 2017, ONRR began issuing Notice of Potential Enforcement Action letters, after each 6-month period, to initiate the civil penalty process for payors that failed to include proper payment information in their payment documentation.

Recommendation 4: Update the system requirements to automate the process for calculating interest and thus minimize the amount of manual work.

Actions Taken: ONRR changed its interest calculation so that it now consists of three components: (1) system-based processing, (2) accountant analysis, and (3) use of the Interest Workbench System tool; and trained its staff on the changes to the calculation and on how to use the Workbench System tool. In addition, ONRR made reports (for example, *Leases with Estimates Exceeding Time limit for Non-Reporting of Royalties Report* and *Federal Statute of Limitations Report*) available to help the accountants with their analysis.

Recommendation 11: Develop an updated, comprehensive change management plan. This plan should address, at a minimum, those items required by departmental policy. In addition, it should include the requirements outlined in the Department's *Configuration Management Family Standards* (version 1.2).

Actions Taken: ONRR updated its *Mineral Revenue Management Support System (MRMSS) Configuration Management Plan* and incorporated the *MRMSS Change Management Plan and Process* as an appendix.

At our request, ONRR provided us both plans for 2019. We reviewed the plans and found that ONRR had addressed the items required in the Department's most recent *Configuration Management Family Standards* (version V.4.1).

Recommendation 12: Assign the role of change review manager to an individual who will be responsible for ensuring the SCR [System Change Request] database is updated when items are prioritized or rejected. This role should also be tasked with analyzing the outstanding SCRs, closing those that are no longer relevant, and prioritizing those that still need to be worked.

Actions Taken: ONRR assigned the role of change manager to the contract officer representative for the MRMSS contracts.

The change manager directed the ONRR system teams to evaluate all SCRs and update the database. ONRR provided a report of all SCRs that were submitted and closed since the issuance of our report. A total of 51 SCRs have been closed.

Recommendation 16: Update existing policies, procedures, and handbooks, as appropriate.

Actions Taken: During our audit, ONRR took steps to ensure that handbooks in its Financial Management Division's program offices were updated. In fiscal year 2015, ONRR updated and posted both the *Minerals Revenue Reporter Handbook*, dated May 1, 2015, and the *Solid Minerals Reports Handbook*, dated September 1, 2015, to the ONRR.gov website. After the completion of our audit, the Financial Management Division's developed and updated policies and procedures, which we verified by reviewing an updated policy and screenshots of ONRR's shared drive for policies and procedures.

Recommendation 17: Establish job-specific operating procedures to ensure consistency.

Actions Taken: ONRR provided us with an inventory report of the job-specific operating procedures it created. According to this report, 89 procedures were created, including policies, processes, procedures, and work instructions. ONRR also created an online library to house the documents.

Conclusion

We conclude that Recommendations 1, 4, 11, 12, 16, and 17, are resolved and implemented.

We informed ONRR officials of the results of this review at an exit conference on September 9, 2019.

We would like to thank ONRR for providing information we requested during our review. If you have any questions about this memorandum, please contact me at 202-208-5745.

cc: Greg Gould, ONRR Director
Gwenna Zacchini, ONRR Audit Liaison Officer
Nancy Thomas, PFM Audit Liaison Officer

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