



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

# **INSPECTOR GENERAL'S STATEMENT SUMMARIZING THE MAJOR MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE U.S. DEPARTMENT OF THE INTERIOR FOR FISCAL YEAR 2019**



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

Memorandum

NOV 15 2019

To: Secretary Bernhardt

From: Mark L. Greenblatt  
Inspector General

Subject: Final Report – *Inspector General's Statement Summarizing the Major Management and Performance Challenges Facing the U.S. Department of the Interior, FY 2019*  
Report No. 2019-ER-052

In accordance with the Reports Consolidation Act of 2000, we are submitting what we have determined to be the most significant management and performance challenges facing the U.S. Department of the Interior (DOI), for inclusion in the DOI's *Agency Financial Report* for fiscal year 2019.

Each challenge area connects to the DOI's mission and strategic plan, and reflects continuing vulnerabilities and emerging issues. We met with key DOI officials to gain their perspectives on the challenge areas and progress made under each.

If you have any questions, please do not hesitate to call me at 202-208-5745.

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# Introduction and Approach

In accordance with the Reports Consolidation Act of 2000, the Office of Inspector General (OIG) is reporting what it has determined to be the most significant management and performance challenges facing the U.S. Department of the Interior (DOI). By statute this report is required to be included in the DOI's *Agency Financial Report*.

Each challenge area connects to the DOI's mission and strategic plan, and reflects continuing vulnerabilities and emerging issues.

We identified the top management and performance challenges for fiscal year (FY) 2019 as:

- Financial management
- Workplace culture and human capital
- Responsibility to American Indians
- Energy management
- Information technology (IT) security
- Water programs

These six challenge areas are not presented in order of priority. We have streamlined the presentation in this year's report to improve clarity and give key information greater prominence. For each challenge area we have noted the related DOI mission area(s) or cross-cutting principle(s) from the *DOI Strategic Plan for Fiscal Years 2018 – 2022* (see Appendix 1 for the full crosswalk).

In addition, some issues span multiple challenge areas, serving as a reminder of the complex nature of the DOI's mission. These issues are woven through the report rather than being standalone sections. For example, management of natural resources is characterized by the struggle to balance the demand for greater use of these resources with the need to conserve and protect them for the benefit of future generations. Climate change affects land use, water resources, wildlife and their habitats, and the frequency and severity of natural disasters. Another cross-cutting issue is public safety, which is an aspect of many DOI responsibilities, including public land management, infrastructure and facilities maintenance, and disaster response.

This report is based on specific OIG and U.S. Government Accountability Office (GAO) reviews and other reports, as well as our general knowledge of the DOI's programs and operations (see Appendix 2 for a list of relevant OIG reports for each challenge area). We met with key DOI

officials to gain their perspectives on the challenge areas and progress made under each. Our analysis generally considers the accomplishments that the DOI reported as of September 30, 2019.

Topics in this report are also found in the GAO's 2019 list of Federal programs and operations at high risk for waste, fraud, abuse, and mismanagement or in need of broad-based transformation (its "High-Risk List," updated every 2 years; see <http://www.gao.gov/highrisk/overview>).

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# Financial Management

The DOI manages significant financial assets, including contracts, financial assistance awards (grants and cooperative agreements), as well as property and other resources. In FY 2019 the DOI awarded approximately \$4.5 billion in new contracts and \$6.3 billion in new grants.

## Key Challenges

Aligns with these elements of the DOI strategic plan:

- Mission Area 5: Protecting Our People and the Border
- Mission Area 6: Modernizing Our Organization and Infrastructure for the Next 100 Years
- Cross-Cutting Principle: Improving Infrastructure

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### Acquisition and Financial Assistance

We continue to identify high-risk issues regarding pre-award processes, award oversight, and post-award monitoring. In FY 2019, we audited 2 contracts and 14 financial assistance awards and questioned more than \$1.5 million, for such reasons as inadequate oversight, failing to follow regulations, and lack of support. With challenges in hiring and retaining staff who are trained to award and manage contracts and financial assistance awards, bureaus run the risk of inconsistently applying regulations and providing inadequate award oversight.

Bureau of Indian Affairs (BIA) tribal contracts awarded under Public Law No. 93-638 in particular require staff with specialized training and experience, beyond the procurement training sufficient at other bureaus. In our review of these contracts, we have found instances where tribes did not have staff trained to manage Federal agreements and accounting records. In one case, we questioned a tribe's entire claim of \$150,000 for FYs 2015 and 2016 due to the lack of any supporting documentation. In another case, we questioned \$1.23 million in costs due to unreported expenditures and misapplied indirect costs that occurred because the tribe did not properly staff key positions or account for expenditures.

**The DOI's Plans and Progress:** The DOI plans to review and implement modifications to its procurement and acquisition practices to ensure adherence by bureaus. In addition, the DOI reported that an overhaul of grants management is underway to provide transparency and streamline processes. The BIA plans to continue to provide administrative support for tribes and track tribal contracts.

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## **Disaster Preparedness and Response**

Over the last 7 years, the DOI has received supplemental funding for disaster response three times. In our review of associated financial awards, we found issues with inadequate oversight. These awards are riskier than normal because they are awarded quickly and often without competition, and have a higher purchase threshold than other acquisitions.

In FY 2019, the DOI received \$328 million in disaster relief funding following Hurricanes Florence, Lane, and Michael; Typhoons Yutu and Mangkhut; and other disasters such as wildfires, earthquakes, and volcanic eruptions. As of September 30, 2019, the DOI has obligated only \$23.9 million of that amount.

In an ongoing collaboration with other OIGs on a Council of Inspectors General on Integrity and Efficiency (CIGIE) cross-cutting initiative, we inspected disaster supplemental appropriations provided under the Bipartisan Budget Act of 2018 (\$516 million). We found that the National Park Service (NPS) and the U.S. Fish and Wildlife Service (FWS) have been slow in expending supplemental disaster funds.

**The DOI's Plans and Progress:** The NPS and the FWS have plans to train employees to improve contract administration during disasters. In addition, the FWS informed us that 92 percent of the hurricane portion of its disaster funding has been obligated (the first step in expending funds).

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## **Infrastructure Challenges**

The DOI manages an asset portfolio worth more than \$300 billion that includes infrastructure such as roads, bridges, trails, water systems, laboratories, employee housing, visitor centers, schools, campgrounds, and drinking fountains. As of the end of FY 2018, the DOI's total deferred maintenance backlog was \$16.4 billion. The NPS has the largest share of total deferred maintenance, at \$11.9 billion. In part because maintenance funding has not kept up with need, many aging facilities and other structures require repair and restoration to mitigate risks to public health and safety.

In the FY 2019 budget request, the NPS asked for \$805 million to address its deferred maintenance backlog, but it received only \$136 million in that year's appropriation for maintenance, repair, or rehabilitation projects for constructed assets (see Figure 1).

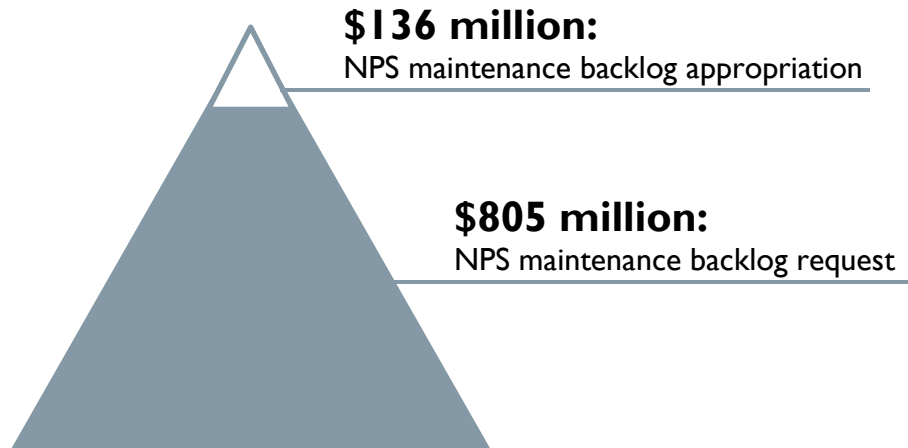


Figure 1. Maintenance funding requested by the NPS compared with funding received in FY 2019 appropriation.

**The DOI's Plans and Progress:** The DOI's FY 2020 budget request includes more than \$1.5 billion to support infrastructure maintenance and construction, including \$639.8 million for the NPS.

Complementing this request is the Administration's legislative proposal to establish a Public Lands Infrastructure Fund (\$6.5 billion over 5 years) to address the deferred maintenance backlog. Within the DOI, the fund would be available for infrastructure needs in national parks, national wildlife refuges, and Bureau of Indian Education (BIE) schools, and on lands managed by the Bureau of Land Management (BLM).

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### **Management of Partnership Agreements**

The DOI needs to improve oversight, reporting, and policies over the use of donations from its philanthropic partners to help accomplish its wide-ranging mission and prevent fraud, waste, and abuse.

For example, in a March 2019 evaluation, we found that the NPS misused donations from philanthropic partners at 26 of 30 parks visited. The NPS did not oversee the use of donations, compile or report total donations, have an accurate directory of philanthropic partners, or have policy for the use of superintendent's funds (funds given to park superintendents for miscellaneous expenses). In an ongoing audit, we have found that the FWS performs minimal oversight of the financial operations of partnerships with certain non-Federal entities (known as friends organizations) and frequently cannot account for donations or expenditures.

**The DOI's Plans and Progress:** The NPS has revised and implemented policy to clarify oversight and permitted use of donations from philanthropic partners. The NPS is also working with the philanthropic partner community to identify the most effective ways to capture more detailed data in its partner web portal.

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# Workplace Culture and Human Capital

Many factors affect workplace culture, including agency values such as integrity and transparency, leadership behavior, and employee perceptions. In addition, the management of human capital impacts the DOI's ability to execute its mission efficiently.

## Key Challenges

Aligns with these elements of the DOI strategic plan:

- Mission Area 6: Modernizing Our Organization and Infrastructure for the Next 100 Years
- Cross-Cutting Principle: Effective and Accountable Leadership
- Cross-Cutting Principle: Restoring Trust

### Ethics

Promoting and maintaining a culture of ethics is key to employee morale, productivity, and trust. Explaining his commitment to transform the DOI ethics program, Secretary Bernhardt noted that our investigations over the years have highlighted a culture “that did not embrace necessary ethical standards, which erodes the public’s faith in our work.” A 2016 OIG investigation that found widespread sexual misconduct at the Grand Canyon led to other investigations that raised an alarm about the prevalence of such misconduct across the DOI. Complaints reported to the OIG included allegations of sexual harassment, sexual assault, and retaliation. Since 2016, we have opened 22 sexual harassment investigations and numerous other misconduct investigations. In one recent case, we found that a manager made inappropriate and unwelcome sexual comments to a subordinate after being counseled for similar misconduct in 2013 and 2016.

We have also seen complaints concerning potential violations of impartiality. Our ethics investigations in FY 2019 uncovered cases of steering contracts to preferred vendors, prohibited fundraising activities, improper influence in hiring decisions, and participation in outside business ventures.

In a July 2018 report, the GAO outlined the indirect costs that agencies incur when employee misconduct goes unaddressed—including corrosive effects on other employees’ morale, higher employee turnover, reduced productivity, and lower employee commitment to their work or agency. The Merit Systems Protection Board has also noted in its reporting on sexual harassment that “there is no corner of the Government wherein the Nation can afford to tolerate conduct that diminishes productivity [and] erodes morale.”

**The DOI's Plans and Progress:** The DOI has taken steps to change the culture. In April 2018, the DOI established a comprehensive anti-harassment program by issuing the *Prevention and Elimination of Harassing Conduct* personnel bulletin, and in February 2019, the DOI created a Workplace Culture Transformation Advisory Council to advance comprehensive culture change. The DOI has taken disciplinary action against 35 subjects as a result of OIG investigations and agency referrals. Sixteen of those 35 employees are no longer in Government service because they were removed, they resigned, or they retired while under investigation.

In August 2019, Secretarial Order No. 3375 was issued to improve the departmental ethics program by restructuring and realigning ethics personnel roles, as well as clarifying roles and responsibilities. The DOI also has increased the number of full-time career ethics professionals. The number of ethics program staff hired since 2017 is almost double the number hired between 2009 and 2016. As of August 2019, there were 55 ethics staff, more than double the 21 ethics staff in 2017.

The DOI has taken steps to address sexual harassment and provide a safe work environment by conducting surveys, issuing policy, conducting investigations into sexual harassment allegations, requiring training, establishing an advisory hotline, and developing a tracking system.

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## **Human Capital Management**

The GAO included strategic human capital management on its High-Risk List for 2019, noting that agencies need to take action to address mission-critical skills gaps within their own workforces and that these skills gaps contributed to 16 other high-risk areas on its list.

Agencies have taken longer to recruit and onboard workers in each of the past 5 years. Governmentwide, the average time to hire in FY 2017 was 106 days, exceeding the 80-day goal set by the U.S. Office of Personnel Management (OPM). As a DOI-specific example, in FY 2019, the average time to complete Phase 1 of the hiring process for 42 IT management positions was 283 days, compared to the OPM's target of 8 days for this phase. The DOI loses qualified candidates or operates with vacancies due to these long hiring timelines, which directly impacts the mission. Secretary Bernhardt identified that timely hiring was particularly difficult for seasonal hiring, such as for firefighters brought on during peak fire season.

**The DOI's Plans and Progress:** The DOI has standardized position descriptions for multiple occupational series to create consistency across bureaus on the types of duties being executed at the same grade level.

In FY 2019, the DOI conducted its first enterprise-level human resources (HR) assessment of HR operations, which evaluated the DOI's current

capacity to perform these operations and defined alternatives to make future operations more efficient and effective. The DOI also reported to us that it is partnering with the U.S. Digital Service (USDS) to create an innovative direct-hire process for IT professionals.

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# Responsibility to American Indians

Through the BIA and the BIE, the DOI provides services to 573 federally recognized tribes with a population of about 1.9 million American Indians and Alaska Natives. The DOI also has responsibilities for the protection of 56 million surface acres of Indian trust land and provides education services to 41,051 students in 183 Indian Country schools and dormitories.

Aligns with these elements of the DOI strategic plan:

- Mission Area 4: Fulfilling Our Trust and Insular Responsibilities
- Cross-Cutting Principle: Respect for Tribal Sovereignty

Improving Federal management of programs that serve tribes and their members has been on the GAO's High-Risk List since 2017.

## Key Challenges

### Management of Indian Country Schools

On its High-Risk List for 2019, the GAO noted poor conditions at BIE school facilities and weak oversight of school spending. This area has been on the GAO's High-Risk List since 2017. As of December 2018, 12 GAO recommendations related to Indian Country schools remained open.

The BIE continues to struggle with hiring and retaining staff. About 50 percent of BIE positions remain unfilled. The GAO has recommended that the BIE conduct strategic workforce planning and determine how best to align its human capital program with its mission and programmatic goals to better support administration and oversight of Indian Country schools.

In a February 2018 evaluation report, we found that the BIE was not ensuring that required background checks for personnel who work with children at Indian schools were being reinvestigated on schedule, leaving students vulnerable to contact with individuals who would be determined to be unfit for the position based on a completed background check. In a September 2016 evaluation report, we found major facility deficiencies and health and safety concerns at Indian Country schools, including the presence of asbestos, radon, and mold, electrical issues, and damaged and deteriorated roofs.

**The DOI's Plans and Progress:** The BIE reported that it completed 100 percent of the 2018 – 2019 school year school facility safety inspections on time, for the third consecutive year. In addition, the BIE

noted that it has been able to successfully implement 100 percent of all school facility abatement plans on time this year.

The BIE has established a contract with the Interior Business Center (IBC) to conduct all backlogged reinvestigations.

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### **Fractionation of Indian Lands**

The DOI continues to face challenges associated with consolidating fractionated land across Indian Country within the funding and time limits established for the Land Buy-Back Program, set to expire in 2022. The Program buys fractional interests from willing owners and restores consolidated land to tribal trust ownership. Due to land passing to numerous heirs over multiple generations, many tracts of land now have hundreds and even thousands of individual owners. Divided ownership makes it difficult, if not impossible, to use the land for any beneficial purpose.

As of August 2019, 85 percent of Program funds have been spent (see Figure 2), and the total number of purchasable fractional interests was reduced by only 27 percent from 2013 to 2019. Without significant attention and resources beyond 2022, the growth of fractional interests will begin to outpace reduction efforts.



Figure 2. Funding remaining for the Land Buy-Back Program, as of August 2019.

**The DOI's Plans and Progress:** The DOI has purchased more than 874,000 fractional interests, placing more than 2.5 million equivalent acres into trust for tribal nations. As one recent example, the DOI entered into an agreement with the Navajo Nation in June 2019 to support land consolidation and subsequently made more than \$140 million in purchase offers to more than 18,000 owners of fractional land interests in the Navajo Nation.

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**Impact of  
Climate  
Effects on  
American  
Indian and  
Alaska Native  
Tribes**

Since 2013, the GAO has included the management of climate change on its High-Risk List, specifically citing insufficient coordination among Federal agencies and with other stakeholders, such as State and local governments. Effects from a changing climate are projected to be especially severe for many tribes, potentially affecting tribal lands, housing, and infrastructure, as well as access to traditional foods and adequate water.

These issues are particularly acute in Alaska Native communities, which make up 40 percent of federally recognized tribes. The rapid pace of rising temperatures, melting sea ice and glaciers, and thawing permafrost in Alaska are a significant threat to critical infrastructure and traditional livelihoods. The GAO identified 14 Alaska Native villages as particularly threatened based on information from Federal, State, and regional stakeholders. (At the DOI these stakeholders included the BLM, the FWS, and the NPS.) According to a U.S. Army Corps of Engineers assessment, the estimated cost for relocating 3 of the 14 coastal villages will be between \$80 million and \$200 million for each tribe.

**The DOI's Plans and Progress:** In April 2019, the BIA announced funding for federally recognized tribes and Alaska Native communities to support (1) tribal adaptation and resilience to extreme events and harmful environmental trends, (2) capacity building to build this resilience, and (3) ocean and coastal management planning.

The DOI reported in its *2019 – 2020 Annual Performance Plan* that it plans to assess the impact of climate effects on American Indian and Alaska Native tribes by measuring the percentage of tribal water projects completed in support of water management and planning.

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# Energy Management

Aligns with this element of the DOI strategic plan:

- Mission Area 2: Generating Revenue and Utilizing Our Natural Resources

As the steward of Federal energy resources including oil, gas, coal, hydropower, and renewable energy resources, the DOI is tasked with balancing conservation and energy production. The DOI manages lands, subsurface rights, and offshore areas that produce approximately 19 percent of the Nation's energy (see below snapshot of responsibilities by bureau). In 2018, Federal energy leases continued to increase in number, resulting in more than \$8.9 billion in revenues. The DOI faces a complex environment as it ensures development in a safe, efficient, and sustainable manner.

Management of Federal oil and gas resources has been on the GAO's High-Risk List since 2011.

BIA	BLM	BOEM	BOR	BSEE	ONRR	OSMRE
Oversees leasing of tribal and Indian land for energy development	Administers onshore energy and subsurface minerals on certain public lands	Oversees offshore oil, gas, and wind development	Second largest producer of hydroelectric power in the United States	Charged with improving safety and ensuring environmental protection offshore	Collects revenue from energy production and development	Works with States and tribes to oversee coal mining operations

## Key Challenges

### Barriers to Expanding Energy Development

The DOI continues to experience backlogs in applications for permits to drill. For onshore energy development, the BLM has identified a backlog of 2,298 pending applications as of September 2018, the most recent data available.

In addition, shifting guidance on the implementation of National Environmental Policy Act (NEPA) requirements and ongoing court challenges also leave the DOI and industry unclear on how to proceed. Secretarial Order No. 3355, issued in 2017, tasks the DOI with improving the processing times for NEPA reviews. Bureaus are, however, continuing to experience difficulties completing timely environmental reviews.

Offshore renewable energy development is also challenged by slow progress in federally managed waters, as opposed to State waters, as policies, guidance, and identifying potential environmental impacts have hampered project development despite industry interest. While States

have made commitments to a significant increase in wind power generation along the east coast, the Bureau of Ocean Energy Management (BOEM) has only two pending lease sales slated for 2020.

Unclear regulatory roles between the DOI and other Federal agencies have also resulted in increased administrative difficulties for the expansion of offshore renewable energy.

**The DOI's Plans and Progress:** In 2017, the DOI reported that it had identified activities that burdened domestic energy production. Included in this review were several secretarial orders meant to reduce administrative hardships. Since 2017, the DOI has rolled back several regulations for oil and gas that it determined were restricting industry activity.

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## **Tribal Energy Development and Management**

Indian Country energy resources hold significant potential for development but tend to be underdeveloped relative to surrounding non-Indian resources (see Figure 3 for breakdown of energy revenues). Reviews for both NEPA and the National Historic Preservation Act (NHPA), as well as complex royalty and ownership considerations, remain unique hurdles to mineral development on tribal and allotted lands.

The DOI continues to struggle to strike the appropriate balance between cultural preservation and energy development. As one example, the BLM deferred the sale of oil and gas leases after tribal groups opposed the auction of land for oil and gas development within 10 miles of the Chaco Culture National Historical Park in New Mexico. The NHPA allows tribes the right to consult on Federal projects that might affect historic Native sites, but tribes have said the BLM excluded them from drilling decisions for Sand Creek, a 156-well oil and gas project.

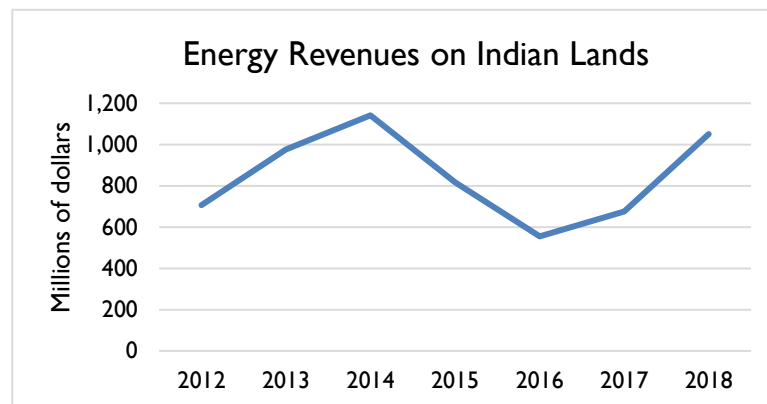


Figure 3. Revenues from Indian Country energy resources, FYs 2012 – 2018



**The DOI's Plans and Progress:** The BIA reported that changes meant to streamline and standardize the administrative review process across the BIA, the BLM, the Office of Natural Resources Revenue (ONRR), and the Office of the Special Trustee for American Indians (OST) are underway and will be incorporated in a December 2019 update to the standard operating procedures handbook.

The BIA also reported that it has implemented a comprehensive workforce plan meant to increase national recruitment efforts and address local staffing issues at the Indian Energy Service Center (IESC), a multi-agency collaboration between the BIA, the BLM, ONRR, and the OST to expedite Indian oil and gas activities. The BIA also said that the IESC has provided the BIA support for NEPA reviews on tribal projects and will continue to expand this service in FY 2020.

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**Energy- and  
Mineral-  
Related  
Liabilities**

When companies responsible for maintaining platforms and pipelines declare bankruptcy or abandon these structures, the responsibility for decommissioning energy production equipment can fall to the Federal Government.

In May 2017 testimony before the Subcommittee on Energy and Mineral Resources, Committee on Natural Resources, House of Representatives, the GAO indicated that BOEM waived bond requirements, which are in place to ensure availability of sufficient funds to cover the proper decommissioning of wells and facilities, for \$33 billion in decommission liabilities in the Gulf of Mexico Region. These waived bond requirements leave the Federal Government open to the risk of becoming responsible for those liabilities in cases of bankruptcy or abandonment. The risk of bankruptcies and abandonments, and thus the liabilities facing the DOI, is especially acute during periods when the price of oil and gas drops significantly. The GAO has also identified that the existing financial risk framework for decommissioning is not adequate to address existing and potential liabilities.

The Bureau of Safety and Environmental Enforcement (BSEE) has not yet implemented decommissioning policies and procedures at the national level. Decommissioning of offshore facilities and pipelines in particular remains a significant problem. According to the BSEE website, approximately 3,700 active platforms exist in the Outer Continental Shelf (OCS); and a BSEE internal control review estimated that one out of every three structures in the Gulf of Mexico alone was classified as idle. Oil and gas companies have averaged more than 130 platform removals per year over the past decade (exceeding the number of new installations), but with more than 40 percent of offshore facilities over 25 years old and in sight of their designed service life, significant liabilities loom.

The challenge of unfunded reclamation is not limited to offshore areas. In 2014, the NPS identified more than 37,000 abandoned mine sites just in the park system, and the BLM continues to hold inventories of more than 50,000 abandoned mine sites across all Federal lands.

**The DOI's Plans and Progress:** In December 2018, BSEE issued updated *Idle Iron Decommissioning Guidance for Wells and Platforms* (NTL No. 2018-G03) to provide clarification and guidance to help ensure that idle infrastructure on active leases is decommissioned in a timely manner. In addition, BSEE has been collecting actual decommissioning expenditure data from OCS operators since 2016 to analyze these data to change BSEE algorithms used to estimate decommissioning costs and ultimately to assist BOEM in ensuring the proper financial assurance is in place.

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## **Mineral Valuation and Royalty Payments**

The DOI has faced challenges verifying the accuracy of royalty revenues (payments on the sale of oil and gas extracted from leased Federal lands and waters), which are a significant source of revenue for the Federal Government. Each month, oil and gas companies self-report data to ONRR on the amount of oil and gas they produced and sold, the value of this production, and the amount of royalties that they owe to the Federal Government.

ONRR is responsible for verifying royalties through its compliance program, which includes ensuring that the royalty revenues are accurately reported and paid. However, in May 2019, the GAO found that because ONRR's compliance goals do not address accuracy they may not align with the office's mission to collect, account for, and verify royalty payments and other statutory requirements. Specifically, ONRR revised its annual compliance goals multiple times, during FYs 2010 through 2017, generally shifting from goals focused on ensuring the accuracy of royalty payments to those focused on the efficiency of the program.

As the result of an OIG investigation, in 2019 one gas marketer agreed to pay \$3.575 million to resolve allegations that it caused reduced mineral royalty payments to the Government by issuing producers false transaction statements that underreported the volume and value of natural gas purchased. In addition, the DOI settled at least three cases in 2018 related to underreported valuation and reduced royalty payments, which resulted in over \$800,000 in payments to the Federal Government.

**The DOI's Plans and Progress:** In October 2017, ONRR separated its audit and compliance management groups to assist in better targeting companies for similar compliance issues. The office also introduced a new auditor training curriculum in April 2018, which auditors are expected to complete within 2 years of their hire dates.

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**Safety and Enforcement**

Offshore management challenges include demands on inspectors, and BSEE has struggled to implement strategic initiatives to improve offshore oversight of oil platforms. Our reviews indicate that BSEE has made limited progress addressing longstanding deficiencies in its environmental compliance and enforcement capabilities.

**The DOI's Plans and Progress:** In 2018, BSEE released Bureau Interim Directive No. 2018-033G, establishing a risk-based inspection program for the Gulf of Mexico Region. The directive addresses ongoing concerns about risk assessment, resource allocation, and unclear inspection protocols that we and the GAO have previously identified. To date, BSEE has conducted a total of four Performance-Based Risk Inspections, which take place at multiple facilities after trend analysis has identified a risk associated with a widely used procedure or equipment, and five Facility-Based Risk Inspections, which focus on low-probability, high-consequence risk at a single production facility.

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# IT Security

The DOI relies on complex, interconnected IT systems to carry out its daily operations. The DOI spends about \$1.2 billion annually on IT systems to support bureau operations and programs.

The DOI continues to struggle to implement an enterprise IT security program that balances compliance, cost, and risk while enabling bureaus to meet their diverse missions.

Aligns with this element of the DOI strategic plan:

- Mission Area 6: Modernizing Our Organization and Infrastructure for the Next 100 Years

## Key Challenges

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### Anticipated Late Adoption of Minimum Security Standards

The National Institute of Standards and Technology (NIST) develops the minimum security standards for Federal information systems. NIST has prepared a new version of the standards and anticipates publishing it after review by the U.S. Office of Management and Budget (OMB). NIST will require agency compliance within 1 year from the issue date.

The DOI has indicated that once the new standards are issued, it will take at least 18 months to fully implement them, which would fail to meet NIST's 1-year compliance requirement.

**The DOI's Plans and Progress:** Although the DOI noted that adoption of revised security standards is an area of concern in its *2019 – 2020 Annual Performance Plan*, it did not include a performance measure for this issue.

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### Delayed Implementation of CDM Phase I

After 7 years, the DOI has not fully implemented Phase 1 of the Continuous Diagnostics and Mitigation (CDM) program, a cybersecurity approach to fortifying networks that began in 2012. We previously found that for all four CDM Phase 1 controls the bureaus either failed to implement the control or the control was implemented incompletely or ineffectively.

In response to our 2016 evaluation of the CDM program, the DOI's Office of the Chief Information Officer (OCIO) indicated that the DOI and the U.S. Department of Homeland Security (DHS) would complete CDM Phase 1 tools implementation later in 2017 and achieve steady-state operations between 2018 and 2019. During the FY 2019 Federal Information Security Management Act (FISMA) audit, however, KPMG auditors sampled information systems distributed across 11 DOI bureaus and offices and reported to the DOI that CDM Phase 1 tools were not

implemented on the selected system at the Bureau of Reclamation (BOR), which is a high-value asset.

In an in-progress evaluation of select CDM program controls for protecting the DOI's high-value IT assets, we have found recurring issues that include incomplete hardware inventories, the inability to establish and implement approved software lists, and challenges with vulnerability and configuration management.

**The DOI's Plans and Progress:** The DOI is working with the DHS to address gaps in its CDM implementation.

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### **Vulnerabilities in Wireless Computer Networks**

The DOI's failure to consistently isolate its wireless networks from bureau internal or wired computer networks greatly magnifies the potential adverse effects of a security breach to a DOI wireless network. The DOI has conducted NIST-required annual independent assessments of its IT security program, but the assessments did not include an evaluation of wireless network security.

We recently found (in an in-progress evaluation) that the DOI did not maintain a complete and accurate inventory of its wireless networks and did not meet NIST's minimum requirements to operate secure wireless networks. We also found vulnerable authentication mechanisms that allowed us to collect user IDs and passwords in clear text and use them to access network resources.

**The DOI's Plans and Progress:** In response to our findings, the BOR shut down its enterprise wireless network until strong authentication mechanisms could be properly implemented. We retested the BOR network and found that the vulnerability had been remediated. The OCIO has instructed all bureaus to inspect their wireless networks for vulnerable authentication mechanisms and to implement strong authentication mechanisms if needed.

The NPS indicated that all its regions are in the process of updating their wireless inventories and certifying that their installations are compliant with configuration standards, known as the Security Technical Implementation Guide (STIG). The OCIO has started the process of updating the DOI STIG to include our recommendations for strong authentication.

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**Management  
of IT  
Acquisitions**

In a January 2018 report, the GAO found that the DOI did not properly identify almost 50 percent, or \$292 million, of its IT contract obligations in FY 2016. The OMB's Federal Information Technology Acquisition Reform Act (FITARA) implementation guidance requires CIO review and approval of all IT acquisitions. By not reviewing and approving these contracts, the CIO cannot provide needed direction and oversight of IT acquisitions.

**The DOI's Plans and Progress:** In 2018, the DOI issued two policies that require CIO review and approval of IT acquisitions. The GAO noted that until these policies are fully implemented, the CIO may not know about all IT obligations and will not have the ability to provide effective oversight. The DOI received a B grade in implementing agency CIO authority enhancements on the June 2019 FITARA 8.0 Scorecard (scorecards are issued jointly by the House Oversight and Reform Committee and the GAO every 6 months to assess agencies' FITARA implementation).

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# Water Programs

As the largest wholesaler of water in the country, the BOR must reconcile competing demands among and within agricultural, municipal, industrial, tribal, rural, ecological, power-generating, and recreational uses of water. Water managers face significant challenges in meeting current and future water demands.

Aligns with these elements of the DOI strategic plan:

- Mission Area 1: Conserving Our Land and Water
- Mission Area 2: Generating Revenue and Utilizing Our Natural Resources

## Key Challenges

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### **Water Scarcity and Management**

The BOR manages multiple factors that affect water management and use, both short- and long-term, including funding, infrastructure, conservation, and partnerships. The BOR operates 53 hydroelectric power plants that account for 15 percent of the hydroelectric capacity and generation in the United States.

The BOR noted last year that it continues to struggle to receive fair value for its hydroelectric power generation and has acknowledged that its power generation prices do not reflect the true value of that power for maintaining the stability of the Western power grid, particularly within California's Central Valley Project, which supplies water to 3 million acres of farmland (a third of all farmland in the State) and drinking water to more than 2.5 million people, as well as meeting the electricity needs of 416,000 customers. Valuation is made more complicated because pricing can fluctuate due to drought and alternative-power market prices.

**The DOI's Plans and Progress:** Regarding issues associated with the Central Valley Project, the DOI reported to us that it has created a project management plan to address customer concerns. The DOI also reported that the BOR's hydroelectric power plants exceeded the target for facility availability during peak electricity demand periods by being available 81 percent of the time for the 17 Western States served. In addition, the facilities met the FY 2019 condition rating and incremental hydropower capability targets.

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### **Investment in Water Infrastructure**

The BOR invests in water infrastructure in Western States through financial assistance awards such as grants and cooperative agreements via its WaterSMART (Sustain and Manage America's Resources for Tomorrow) programs. The BOR estimates that major rehabilitation and replacement requirements for its buildings and structures will cost several billion dollars. According to the BOR, infrastructure obligations cannot

be met in a timely manner without exploring alternative financing opportunities within and outside the DOI, such as loan guarantee programs and public-private partnerships.

In addition, the GAO has reported that water infrastructure issues disproportionately affect Indian Country. The BIA has had long-term staffing shortages that affect its ability to implement Indian water rights settlements, train BIA and tribal staff, and put in place succession plans for long-term staffing.

**The DOI's Plans and Progress:** In FY 2018, the BOR provided funding for projects that will enable additional water savings of 51,178 acre-feet. (One acre-foot, or 325,851 gallons of water, supplies enough water for a family of four for 1 year.) Cumulatively, projects funded from FYs 2010 to 2018 have enabled 1,233,777 acre-feet of water conservation capacity, exceeding the DOI's goal of 1,226,491 acre-feet for that timeframe.

Despite staffing shortages, the BIA reported that it met its FY 2019 Government Performance and Results Act water management planning and predevelopment program goals.

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## **Dam Safety**

To ensure the safety of the dams managed by the BOR, investment is needed for evaluation, monitoring, rehabilitation, and replacement. The BOR has to manage risks associated with (1) facility age and (2) hazard classification. First, more than 85 percent of the BOR's 492 dams are more than 50 years old and were built before the advanced design and construction practices used today. Second, 363 dams are classified (by the Federal Emergency Management Agency) as high- or significant-hazard dams, which means that mis-operation or failure may cause loss of life or other significant impacts.

In addition, the BOR has identified 17 facilities that require modifications to reduce risk to nearby communities, at a cost of approximately \$1.5 billion. Further, the BOR estimates an additional 6 to 10 dams will require safety improvements within the next 3 to 4 years, but it has not yet developed a cost estimate for the safety modifications for these dams.

**The DOI's Plans and Progress:** The DOI reported in 2019 that it exceeded its performance target of 73 percent of water infrastructure in good condition, with 81 percent of its high- or significant-hazard dams in good condition in 2018 (the most recent year for which data are available), as measured by the BOR's Facility Reliability Rating system.

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## Conclusion

The challenges identified in this report are potential barriers to departmental efforts to promote efficiency and effectiveness in DOI management and operations. The challenges do not exist in isolation; their effects often spill across many program areas. We describe the challenges and progress under each to help inform the DOI's improvement efforts in the coming fiscal year.

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

# Appendix I: Crosswalk to DOI Strategic Plan

The table below provides a crosswalk of how the challenge areas align with the *DOI Strategic Plan for Fiscal Years 2018 – 2022* and its accompanying cross-cutting principles.

Challenge Area	Corresponding Mission Area or Principle
Financial Management	<ul style="list-style-type: none"> <li>• Mission Area 5: Protecting Our People and the Border</li> <li>• Mission Area 6: Modernizing Our Organization and Infrastructure for the Next 100 Years</li> <li>• Cross-Cutting Principle: Improving Infrastructure</li> </ul>
Workplace Culture and Human Capital	<ul style="list-style-type: none"> <li>• Mission Area 6: Modernizing Our Organization and Infrastructure for the Next 100 Years</li> <li>• Cross-Cutting Principle: Effective and Accountable Leadership</li> <li>• Cross-Cutting Principle: Restoring Trust</li> </ul>
Responsibility to American Indians	<ul style="list-style-type: none"> <li>• Mission Area 4: Fulfilling Our Trust and Insular Responsibilities</li> <li>• Cross-Cutting Principle: Respect for Tribal Sovereignty</li> </ul>
Energy Management	<ul style="list-style-type: none"> <li>• Mission Area 2: Generating Revenue and Utilizing Our Natural Resources</li> </ul>
IT Security	<ul style="list-style-type: none"> <li>• Mission Area 6: Modernizing Our Organization and Infrastructure for the Next 100 Years</li> </ul>
Water Programs	<ul style="list-style-type: none"> <li>• Mission Area 1: Conserving Our Land and Water</li> <li>• Mission Area 2: Generating Revenue and Utilizing Our Natural Resources</li> </ul>

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## Appendix 2: Related OIG Publications

This list presents Office of Inspector General (OIG) work related to top management challenges facing the U.S. Department of the Interior for fiscal year 2019. Reports can be viewed at [www.doi.oig.gov](http://www.doi.oig.gov).

### Financial Management

Report No. 2017-WR-037, *The National Park Service Misused Philanthropic Partner Donations*, issued March 2019.

Report No. 2017-FIN-053, *The Chicago Horticultural Society Should Improve Its Financial Management System to Receive Federal Funds*, issued March 2019.

Report No. 2017-FIN-039, *Audit of the Bureau of Indian Affairs' Agreement No. A12AV01171 With the Crow Tribe on the Methamphetamine Initiative Program*, issued December 2018.

Report No. 2017-WR-037-A, *Financial, Ethical, and Exclusive Use Concerns About the NPS' Agreement With the Wolf Trap Foundation for the Performing Arts*, issued September 2018.

Report No. 2017-FIN-032, *Audit of Grant No. P13AF00113 Between the National Park Service and the Connecticut Department of Economic and Community Development*, issued January 2018.

### Workplace Culture and Human Capital

Report No. 2018-WR-006, *Opportunities Exist To Improve the U.S. Department of the Interior's Efforts To Address Sexual Harassment*, issued July 2019.

Report No. 18-1136, *Summary of Investigation: BLM Supervisor Violated Federal Law and Ethics Regulations for Outside Employment*, issued July 2019.

Report No. 16-0895, *Summary of Investigation: Former NPS Contract Specialist Violated Ethics Regulations*, issued February 2019.

Report No. 18-1069, *Summary of Investigation: USGS Manager Admitted To Inappropriate Comments To Subordinate*, issued February 2019.

Report No. 18-0649, *Investigative Report of Violation of Ethics Regulations by Office of the Secretary Official*, issued February 2019.

Report No. 18-0436, *Summary of Investigation: FWS Manager Violated Federal Regulations and FWS Policies*, issued January 2019.

Report No. 18-0284, *Summary of Investigation: Wrongful Suspension of an IBC Employee's Security Clearance*, issued December 2018.

Report No. 17-0074, *Investigative Report of Misconduct Allegations at Haskell Indian Nations University*, issued November 2018.

Report No. 17-0013, *Summary of Investigation: Alleged Violations of Prohibited Personnel Practices and Favoritism by BSEE Management*, issued December 2018.

Report No. 16-0879, *Investigative Report of Allegations of Conflict of Interest at Gettysburg National Military Park*, issued November 2018.

Report No. 17-0030, *Summary of Investigation: BSEE Managers Inappropriately Influenced Procurement Process*, issued October 2018.

Report No. 18-0565, *Summary of Investigation: BLM Manager Engaged in Sexual Misconduct*, issued September 2018.

Report No. 18-0706, *Summary of Investigation: Alleged Scientific Integrity Violations Related to National Park Service Report*, issued July 2018.

## **Responsibility to American Indians**

Report No. 2017-WR-024, *The Bureau of Indian Education Is Not Ensuring That Background Checks at Indian Education Facilities Are Complete*, issued February 2018.

Report No. C-EV-BIE-0023-2014, *Condition of Indian School Facilities*, issued September 2016.

## **Energy Management**

Report No. 18-0605, *Summary of Investigation: Investigation Uncovers Unpaid Federal Royalties*, issued April 2019.

Report No. 2016-EAU-063, *Closeout Memorandum – The Bureau of Safety and Environmental Enforcement's Decommissioning Program*, issued March 2019.

Report No. OI-OG-15-0608-I, *Management Advisory: BSEE Office's Best Practice Suggested for BSEE-Wide Application*, issued March 2019.

Report No. 17-0069, *Summary of Investigation: Oil and Gas Production Company Underpaid Royalties Owed to the Government*, issued February 2019.

Report No. 15-0608, *Summary of Investigation: Offshore Platform Operator Did Not Inspect Platforms As Required*, issued November 2018.

Report No. 2017-EAU-043, *BSEE Has Opportunities To Help Industry Improve Oil Spill Preparedness*, issued October 2018.

Report No. 2018-EAU-022, *Verification Review of Recommendations 48, 49, 50, and 53 for the Report Titled “A New Horizon: Looking to the Future of the Bureau of Ocean Energy Management, Regulation and Enforcement (Report No. CR-EV-MMS-0015-2010),”* issued October 2018.

Report No. 13-0199, *Summary of Investigation: Great Western Drilling Underpaid Federal Royalties*, issued August 2018.

## **IT Security**

Report No. 2016-ITA-021, *Information Technology Security Weaknesses at a Core Data Center Could Expose Sensitive Data*, issued February 2017.

Report No. ISD-IN-MOA-0004-2014-I, *U.S. Department of the Interior’s Continuous Diagnostics and Mitigation Program Not Yet Capable of Providing Complete Information for Enterprise Risk Determinations*, issued October 2016.

## **Water Programs**

Report No. 2017-WR-029, *Potential Opportunity for Revenue in the Conveyance of Non-Project Water*, issued January 2018.

Report No. 2016-WR-040, *The Bureau of Reclamation Was Not Transparent in Its Financial Participation in the Bay Delta Conservation Plan*, issued September 2017.

# **Report Fraud, Waste, and Mismanagement**



Fraud, waste, and mismanagement in Government concern everyone: Office of Inspector General staff, departmental employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to departmental or Insular Area programs and operations. You can report allegations to us in several ways.



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