



Accessible Version

April 12, 2019

The Honorable David Bernhardt
Secretary
Department of the Interior
1849 C Street, N.W.

Washington, DC 20240

Priority Open Recommendations: Department of the Interior

Dear Mr. Secretary:

The purpose of this letter is to provide an update on the overall status of the Department of the Interior's (Interior) implementation of GAO's recommendations, and call your continued personal attention to areas where open recommendations should be given high priority.¹ In November 2018, we reported that on a government-wide basis, 77 percent of our recommendations made 4 years ago were implemented.² Interior's recommendation implementation rate was 78 percent. As of January 2019, Interior had 152 open recommendations. Fully implementing these open recommendations could significantly improve Interior's operations.

Since our March 5, 2018 letter, Interior implemented two of eight priority recommendations. In May 2018, Interior's Bureau of Indian Education (BIE) provided documentation that it finalized and implemented (1) written procedures and (2) a risk-based approach to oversee BIE school expenditures of major education programs, including Interior's Indian School Equalization Program and Education's Title I and Individuals with Disabilities Education Act programs.

We are adding one new recommendation this year, related to improving Interior's Bureau of Indian Affairs' (BIA) processes for sharing key information with tribes requesting to take over the administration of one or more federal programs under self-determination contracts. This brings the total number of priority recommendations to seven. (See the enclosure for the list of these recommendations.)

The seven priority recommendations fall into the following four major areas listed below.

Improve oversight of offshore oil and gas activities.

As discussed below, management of federal oil and gas resources is one of the highest risks facing the government. Offshore oil and gas production, while an important energy source, poses risks to the environment and human safety. We have two priority recommendations to improve oversight.

First, in July 2012, we recommended that Interior improve its oversight of offshore oil and gas drilling operations by taking a risk-based approach when identifying and evaluating offshore oil

¹Priority recommendations are those that GAO believes warrant priority attention from heads of key departments or agencies. They are highlighted because, upon implementation, they may significantly improve government operation, for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing high-risk or fragmentation, overlap or duplication issues.

²GAO, *Performance and Accountability Report: Fiscal Year 2018*, [GAO-19-1SP](#) (Washington, D.C.: Nov. 15, 2018).

and gas drilling operations. A risk-based approach would allow Interior to adjust and evaluate its oversight by, among other things, developing clear criteria to prospectively evaluate and categorize drilling operations according to risk. Interior officials previously told us they have the technical capacity to implement this recommendation and ongoing initiatives to address it, but had not completed them as of October 2018. To fully implement this recommendation, Interior should continue its efforts to develop risk-based protocols for drilling operations.

Second, in March 2017, we recommended that Interior establish a mechanism for Bureau of Safety and Environmental Enforcement (BSEE) management to obtain and incorporate input from bureau personnel and any external parties that can affect the bureau's ability to achieve its objectives. Failure to adequately incorporate such input has previously hindered bureau strategic initiatives to improve its safety and environmental oversight capabilities. While Interior provided documentation of BSEE actions, including establishing an Employment Engagement Council, an Innovation Program, and an Ombudsman position, to fully implement this recommendation, BSEE needs to demonstrate that these actions represent an enduring institutionalization of improved communication throughout the bureau.

Take action to ensure safety and health at BIE school facilities.

Our March 2016 report contains two open priority recommendations that, if implemented, would improve safety and health conditions at BIE school facilities across the country. Our first recommendation called for Interior to ensure that all BIE schools are annually inspected for safety and health, as directed by agency policy, and that inspection information is complete and accurate. The agency reported that it completed safety inspections of all BIE schools in fiscal years 2016, 2017, and 2018. However, documentation Interior provided in 2018 from its safety office's annual evaluation of selected BIE school safety reports indicated that school safety inspection information in a few regions was not complete or accurate. To fully implement our recommendation, Interior needs to demonstrate that the safety information it collects through BIE school inspections is complete and accurate.

Our second recommendation calls for the agency to develop a plan to build schools' capacity to promptly address safety hazards. The agency has updated its agreements with BIA and BIE, detailing the roles and responsibilities of each for inspecting and providing technical assistance to BIE schools. To fully implement this recommendation, Interior needs to develop a plan that addresses key challenges schools face in addressing safety problems, such as a lack of technical expertise in facility issues.

Improve BIA's management of energy development on Indian lands.

The development of Indian energy resources has the potential to provide significant benefits to Indian tribes and their members by providing tribes with economic development opportunities and increasing access to reliable energy. BIA review and approval is required during the development process for documents such as easements, rights-of-way agreements, and appraisals, yet the length of review and response times has hindered development opportunities.

We have two priority recommendations in this area. First, in our June 2015 report, we recommended that Interior develop a documented process to track its review and response times of energy-related documents. BIA has taken initial steps by developing system enhancements to record the submittal date of energy-related documents. To fully implement this recommendation, BIA needs to continue these enhancements so that management can gather information on agency response times for monitoring and assessments.

Second, in our November 2016 report, we recommended that BIA include other regulatory agencies in Interior's Indian Energy Service Center so that the Service Center can act as a

single point of contact or lead agency to coordinate and navigate the regulatory process to help tribes develop Indian energy resources. BIA established formal agreements with Interior's Fish and Wildlife Service, the Environmental Protection Agency, and the U.S. Army Corps of Engineers. The agreements include commitments to share knowledge and information and to meet quarterly, but do not integrate these agencies into the Service Center. To fully implement this recommendation, BIA needs to include these key regulatory agencies in the Service Center activities.

Reduce factors that hinder tribal administration of federal programs.

Various factors can affect tribes' use of self-determination contracts and self-governance compacts to transfer the administration of federal programs to the tribe. Our January 2019 report recommended that BIA develop a process so that all regional and agency offices consistently provide tribes with documentation on calculations and methodologies to identify resources available to administer a program using a self-determination contract. To fully implement this recommendation, BIA needs to develop updated procedures to respond to tribal inquiries regarding available resources.

- - - - -

In March 2019, we issued our biennial update to our high risk program, which identifies government operations with greater vulnerabilities to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges.³ Our high-risk program has served to identify and help resolve serious weaknesses in areas that involve substantial resources and provide critical service to the public.

Two of our high-risk areas, management of federal oil and gas resources and improving federal management of programs that serve tribes and their members, center directly on Interior. Several other government-wide high-risk areas, including (1) strategic human capital management, (2) managing federal real property, and (3) addressing the U.S. government's environmental liability, also have direct implications for Interior and its operation. We urge your attention to the Interior and government-wide high-risk issues as they relate to Interior. Progress on high-risk issues has been possible through the concerted actions and efforts of Congress, OMB, and the leadership and staff in agencies, including within Interior.

Copies of this report are being sent to the Director of the Office of Management and Budget and appropriate congressional committees including the Committees on Appropriations, Budget, and Homeland Security and Governmental Affairs, United States Senate; and the Committees on Appropriations, Budget, and Oversight and Government Reform, House of Representatives.

In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

I appreciate Interior's continued commitment to these important issues. If you have any questions or would like to discuss any of the issues outlined in this letter, please do not hesitate to contact me or Mark Gaffigan, Managing Director, Natural Resources and Environment, at gaffiganm@gao.gov or (202) 512-3841. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Our teams will continue to coordinate with your staff on all of the 152 open recommendations, as well as those additional recommendations in the high risk areas for which Interior has a leading role. Thank you for your attention to these matters.

Sincerely yours,

³GAO, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, GAO-19-157SP (Washington, D.C.: Mar. 6, 2019).

A handwritten signature in black ink that reads "Gene L. Dodaro". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Gene L. Dodaro
Comptroller General
of the United States
Enclosure – 1

cc: Joe Balash, Assistant Secretary, Office of Land and Mineral Management
Tara Katuk Mac Lean Sweeney, Assistant Secretary, Office of Indian Affairs
Scott A. Angelle, Director, Bureau of Safety and Environmental Enforcement
Tony L. Dearman, Director, Bureau of Indian Education
Darryl LaCounte, Acting Director, Bureau of Indian Affairs

Enclosure -- Priority Open Recommendations to the Department of the Interior

Improve Oversight of Offshore Oil and Gas Activities

Oil and Gas Management: Interior's Reorganization Complete, but Challenges Remain in Implementing New Requirements, [GAO-12-423](#). Washington, D.C.: July 30, 2012.

Recommendation: To improve Interior's oversight of offshore oil and gas activities in the Gulf of Mexico, the Secretary of the Interior should enhance Interior's capacity for identifying and evaluating offshore oil and gas drilling operations according to risk, thereby allowing it to adjust and evaluate its oversight accordingly by (1) identifying and systematically collecting and maintaining reliable data on risk factors associated with drilling operations, (2) providing operators with clear definitions for significant events in the weekly well activity reports and developing a way to characterize and record these events systematically and reliably, and (3) using the risk factors and significant events data to develop a risk-based approach with clear criteria to prospectively evaluate and categorize drilling operations according to risk and retrospectively to evaluate the performance of oversight and risk mitigation activities in avoiding significant events.

Action Needed: Interior agreed with this recommendation. To fully implement this recommendation, Interior should complete work on this issue, including developing a risk-based approach with clear criteria to prospectively evaluate and categorize drilling operations according to risk.

High-Risk Area: Management of federal oil and gas resources

Director: Frank Rusco

Contact information: ruscof@gao.gov, (202) 512-3841

Oil and Gas Management: Stronger Leadership Commitment Needed at Interior to Improve Offshore Oversight and Internal Management, [GAO-17-293](#). Washington, D.C.: March 21, 2017.

Recommendation: The Secretary of the Interior should direct the Assistant Secretary for Land and Minerals Management to establish a mechanism for BSEE management to obtain and incorporate input from bureau personnel and any external parties that can affect the bureau's ability to achieve its oversight objectives.

Actions Needed: Interior neither agreed nor disagreed with this recommendation. In September 2018, Interior provided documentation of BSEE actions including establishing an Employment Engagement Council, an Innovation Program, and an Ombudsman position; however, to fully implement this recommendation, BSEE needs to demonstrate that these actions represent institutionalization of improved communication throughout the bureau.

High-Risk Area: Management of federal oil and gas resources

Director: Frank Rusco

Contact information: ruscof@gao.gov, (202) 512-3841

Take Action to Ensure Safety and Health at BIE School Facilities

Indian Affairs: Key Actions Needed to Ensure Safety and Health at Indian School Facilities, [GAO-16-313](#). Washington, D.C.: March 10, 2016.

Recommendation: To support the collection of complete and accurate safety and health information on the condition of BIE school facilities nationally, the Secretary of the Interior should direct the Assistant Secretary-Indian Affairs to ensure that all BIE schools are annually

inspected for safety and health, as required by its policy, and that inspection information is complete and accurate. This could include: (1) analyzing the key challenges to ensuring that all BIE schools are inspected, as well as implementing a plan to mitigate those challenges, and (2) in the interim, prioritizing inspections at schools where facility conditions may pose a greater risk to students—such as schools with dormitories or those that have not been recently inspected.

Action Needed: Interior agreed with this recommendation. While BIA completed safety inspections of all BIE schools in fiscal years 2016, 2017 and 2018, documentation the agency provided us shows problems with the completeness and accuracy of safety inspection information on BIE schools in several BIA regions. BIA should take steps to ensure that inspection information is complete and accurate.

High-Risk Area: Improving the federal management of programs that serve tribes and their members

Director: Melissa Emrey-Arras

Contact information: emreyarrasm@gao.gov, (617) 788-0534

Indian Affairs: Key Actions Needed to Ensure Safety and Health at Indian School Facilities, GAO-16-313. Washington, D.C.: March 10, 2016.

Recommendation: To ensure that all BIE schools are positioned to address safety and health problems with their facilities and provide student environments that are free from hazards, the Secretary of the Interior should direct the Assistant Secretary-Indian Affairs to develop a plan to build schools' capacity to promptly address safety and health problems with facilities. Such a plan could prioritize assistance to schools to improve the expertise of facility staff to maintain and repair school buildings.

Action Needed: Interior agreed with this recommendation but the documentation that BIA has provided does not indicate that it has developed a plan that addresses key challenges schools face in addressing safety problems, such as a lack of technical expertise in facility issues.

High-Risk Area: Improving the federal management of programs that serve tribes and their members

Director: Melissa Emrey-Arras

Contact information: emreyarrasm@gao.gov, (617) 788-0534

Improve BIA's Management of Energy Development on Indian Lands

Indian Energy Development: Poor Management by BIA Has Hindered Energy Development on Indian Lands, GAO-15-502. Washington, D.C.: June 8, 2015.

Recommendation: To improve the efficiency and transparency of its review process, the Secretary of the Interior should direct the Director of the Bureau of Indian Affairs or the Director of the Office of the Indian Energy and Economic Development, as appropriate, to develop a documented process to track its review and response times.

Action Needed: Interior agreed with this recommendation and stated that it has taken initial steps by developing system enhancements to record the submittal date of energy-related documents. To fully implement this recommendation, BIA needs to continue these enhancements so that management can gather information on agency response times for monitoring and assessments.

High-Risk Area: Improving the federal management of programs that serve tribes and their members

Director: Frank Rusco

Contact information: ruscof@gao.gov, (202) 512-3841

Indian Energy Development: Additional Actions by Federal Agencies Are Needed to Overcome Factors Hindering Development, GAO-17-43. Washington, D.C.: November 10, 2016.

Recommendation: The Secretary of the Interior should direct the Director of the Bureau of Indian Affairs to include other regulatory agencies in the Service Center, such as the Fish and Wildlife Service, the Environmental Protection Agency, and the Army Corps of Engineers, so that the Service Center can act as a single point of contact or a lead agency to coordinate and navigate the regulatory process.

Action Needed: Interior agreed with this recommendation and entered into formal agreements to share knowledge and information and to meet quarterly with the three regulatory agencies. To fully implement our recommendation, however, BIA needs to include these key regulatory agencies in Service Center activities.

High-Risk Area: Improving the federal management of programs that serve tribes and their members

Director: Frank Rusco

Contact information: ruscof@gao.gov, (202) 512-3841

Reduce Factors That Hinder Tribal Administration of Federal Programs

Indian Programs: Interior Should Address Factors Hindering Tribal Administration of Federal Programs, GAO-19-87. Washington, D.C.: January 3, 2019.

Recommendation: The Assistant Secretary of Indian Affairs should develop a process so that all regional and agency offices consistently provide tribes with documentation on calculations and methodologies to identify resources available to administer a program using a self-determination contract.

Action Needed: Interior agreed with this recommendation and stated that it will develop updated procedures on the response to tribal inquiries for resources available for self-determination contracts. To fully implement this recommendation, BIA needs to develop updated procedures to respond to tribal inquiries regarding available resources.

High-Risk Area: Improving the federal management of programs that serve tribes and their members

Director: Frank Rusco

Contact information: ruscof@gao.gov, (202) 512-3841

(103224)