

Accessible Version

June 22, 2021

The Honorable Deb Haaland
Secretary
Department of the Interior
1849 C Street, N.W.
Washington, DC 20240**Priority Open Recommendations: Department of the Interior**

Dear Madam Secretary:

I appreciated our recent meeting and look forward to a constructive working relationship between our two institutions. As we discussed, the purpose of this letter is to provide an update on the overall status of the Department of the Interior's implementation of GAO's recommendations and call your personal attention to areas where open recommendations should be given high priority.¹ In November 2020, 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 81 percent. As of April 2021, Interior had 137 open recommendations. Fully implementing these open recommendations could significantly improve Interior's operations.

Since our April 2020 letter, Interior has implemented five of our 10 open priority recommendations.

- Interior took multiple steps to identify and evaluate offshore oil and gas drilling risks. These steps included (1) establishing a program to develop and implement a safety data reporting system, (2) implementing a new process to analyze weekly well activity reports, and (3) finalizing a directive establishing procedures and guidance for conducting reviews of high-risk wells in drilling operations. These actions will give Interior greater assurance that it is mitigating risks associated with offshore oil and gas drilling activities in the Gulf of Mexico.
- The Indian Energy Service Center updated the charters for existing regional federal partner groups and established additional regional groups to serve as forums for local federal officials to identify and work to resolve energy and mineral issues and coordinate the regulatory process for each region. These mechanisms will enable the Service Centers to foster coordination with federal partners on Indian energy development.
- The Bureau of Safety and Environmental Enforcement (BSEE) institutionalized several actions and processes to better obtain and incorporate input from bureau personnel and external parties, including establishing an Employee Engagement Council, an Innovation

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 a high-risk or duplication issue.

²GAO, *Performance and Accountability Report: Fiscal Year 2020*, [GAO-21-4SP](#) (Washington, D.C.: Nov. 16, 2020).

Program, and an Ombudsman position. As a result, BSEE should have additional input to help it achieve its objectives related to initiatives, such as its risk-based inspection program.

- Interior issued its Enterprise Cybersecurity Risk Management Plan, which includes a statement of risk tolerance and how the department intends to assess, respond to, and monitor risk. The plan should help the agency understand acceptable risk levels and appropriate risk response strategies to protect its systems and data.
- Interior established a process for coordination between its cybersecurity and enterprise risk management (ERM) functions. Specifically, the department's cybersecurity risk management program now includes a governing working group that is responsible for, among other things, raising significant information technology (IT) risks to the department's Chief Risk Officer. This coordination process should help Interior better address significant cybersecurity risks in the context of other risks and their potential impacts on the agency's mission.

Interior has five priority recommendations remaining from those we identified in the 2020 letter. We ask for your personal attention to these remaining priority recommendations. We are also adding eight new recommendations related to improving oversight of offshore oil and gas activities, Bureau of Indian Education (BIE) Special Education services, and the transition to trust fund income in Micronesia and the Marshall Islands. These bring the total number of priority recommendations to 13. (See the enclosure for the list of recommendations.)

The 13 priority recommendations fall into the following five major areas.

Improve Oversight of Offshore Oil and Gas Activities.

Management of federal oil and gas resources is one of the highest risks facing the government and has been on our High-Risk List since 2011. Offshore oil and gas production, while an important energy source, poses risks to the environment and human safety. There are also challenges related to ensuring the public receives a fair return for these resources. We have three priority recommendations to improve oversight in this area.

In September 2019, we made two recommendations to address the Bureau of Ocean Energy Management's (BOEM) process for developing tract valuations that are used to assess whether to accept industry bids for leases. Specifically, we recommended that BOEM enlist an independent third party to examine the extent to which the bureau's use of delayed valuations assures the receipt of fair market value, and make changes as appropriate. To fully implement this recommendation, BOEM should enlist a third party to examine the tradeoffs and benefits of BOEM's continued use of delayed valuations. In addition, we recommended that BOEM take steps to ensure that the bid valuation process is not biased toward adjusting valuations downward. To fully implement this recommendation, BOEM should evaluate its valuations and remediate any identified deficiencies to ensure its process is working as intended. In January 2021, Interior indicated that it expected BOEM to complete actions on both recommendations by the end of 2021.

In March 2021, we recommended that BSEE further develop, finalize, and implement updated pipeline regulations to address long-standing limitations related to its ability to ensure the integrity of active pipelines and the safety and environmental risks associated with their decommissioning. Interior indicated that BSEE continues to work toward the publication of a proposed rule to replace its existing pipeline regulations but did not identify an expected completion date. To fully implement this recommendation, BSEE should take actions to update

its pipeline regulations to better ensure the integrity of active offshore pipelines and address risks associated with their decommissioning.

Take Action to Ensure Safety, Health, and Services at BIE Schools.

BIE supports 185 elementary and secondary schools that serve approximately 41,000 mostly low-income students in rural communities on or near reservations in 23 states. BIE is responsible for ensuring safe and healthy learning environments for these students as well as ensuring that eligible children receive special education and related services. We have identified two priority recommendations that, if implemented, would improve safety, health, and access to services at BIE schools across the country.

In March 2016, we recommended that the Bureau of Indian Affairs (BIA) develop a plan to build schools' capacity to promptly address safety and health problems with facilities. In 2018, BIA updated its agreement with BIE, detailing the roles and responsibilities of each agency for inspecting and providing technical assistance to BIE schools. However, BIA documentation provided little information on how it planned to support school personnel in fixing safety hazards in their facilities. In April 2021, BIA officials told us the agency is developing a plan that includes training and professional development opportunities for BIE school staff to build their knowledge and skills related to facility safety. We requested but have not yet received documentation of this plan. To fully implement this recommendation, BIA needs to develop and implement a plan that includes information on how it will train and equip school staff to address facility safety hazards.

In May 2020, we recommended that BIE establish consistent requirements for schools on making up missed special education and related services and that BIE monitor schools to ensure that they follow these requirements. In their comments on our draft report, agency officials acknowledged that they needed to update guidance provided by special education subject matter experts to ensure that guidance on missed special education related services is consistent. In April 2021, BIE reported that it planned to implement the recommendation by the end of 2022 but provided no new information on how it would do so.

Improve BIA's Management of Energy Development on Indian Lands.

The development of energy resources has the potential to provide significant benefits to tribes and their members by providing tribes with economic development opportunities and increasing access to reliable energy. A BIA review and approval is generally required during the development process for documents such as easements, rights-of-way agreements, and valuations. However, the length of review and response times has hindered development opportunities. In June 2015, we recommended that Interior develop a documented process to track its review and response times for energy-related documents. BIA has developed system enhancements to record submittal dates for energy-related documents. To fully implement this recommendation, BIA needs to develop procedures to gather information on agency response times for monitoring and assessments.

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 tribes. Our January 2019 report recommended that the Assistant Secretary of Indian Affairs 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. In September 2020, BIA updated its policy manual to include information on the sources of funding available for tribes. However, the manual does not include information tribes need to calculate specific amounts they would receive under a particular program. To fully implement this recommendation, BIA needs to develop updated procedures to provide tribes with documentation on calculations and methodologies.

Address Micronesia and the Marshall Islands' Transition to Trust Fund Income.

In 2003, under the compacts of free association the U.S. agreed to provide approximately \$3.6 billion in economic assistance to the Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI) in fiscal years 2004 through 2023. Disbursements of earnings from each country's trust fund are intended to provide revenue to the country after U.S. economic assistance ends in 2023. However, in May 2018 we found risks to the availability of disbursements from these trust funds, including that the funds may not provide disbursements in some years, because the trust funds may have insufficient balances. As a result of low or zero disbursements, the countries could face economic and fiscal shocks and significant challenges in planning programs and budgets. We have six priority recommendations in this area for Interior to address the funds' ability to provide income after the planned transfer to trust fund income in 2023.

These recommendations are for Interior to work with the compact trust fund committees for both nations to develop distribution policies and fiscal procedures for the trust funds and to address the timing of trust fund disbursements. Ongoing bilateral negotiations between the governments of both nations and the U.S. government may address our recommendations or modify the trust fund structures in the future. Addressing these issues would help to reduce the risks to the availability of future trust fund disbursements. To fully implement these recommendations, Interior needs to work with each country's trust fund committee to address the distribution policy, fiscal procedures, and timing of trust fund disbursements within the current compact structure or ensure that ongoing negotiations with each country address those issues in any future agreements.

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In March, we issued our biennial update to our [High-Risk List](#), 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 One of our high-risk areas—[management of federal oil and gas resources](#)—centers directly on Interior. One additional high-risk area—[improving federal management of programs that serve tribes and their members](#)—is shared among multiple agencies, including Interior.

Several other government-wide high-risk areas also have direct implications for Interior and its operations. These include (1) [improving the management of IT acquisitions and operations](#), (2) [improving strategic human capital management](#), (3) [managing federal real property](#), (4) [ensuring the cybersecurity of the nation](#),⁴ and (5) [government-wide personnel security clearance](#)

³GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021).

⁴With regard to cybersecurity, we also urge you to use foundational information and communications technology supply chain risk management practices set forth in our December 2020 report: *GAO, Information Technology*:

[process](#). We urge your attention to the Interior, shared, 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 have been sent to the Director of the Office of Management and Budget and appropriate congressional committees, including the Committees on Appropriations, Budget, Energy and Natural Resources, Environment and Public Works, Indian Affairs, and Homeland Security and Governmental Affairs, United States Senate; and the Committees on Appropriations, Budget, Natural Resources, and Oversight and Reform, House of Representatives.

In addition, the report will be available 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 137 open recommendations, as well as the additional recommendations in the high-risk areas for which Interior has a leading role. Thank you for your attention to these matters.

Sincerely yours,

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

Gene L. Dodaro

Comptroller General
of the United States

Enclosure – 1

cc: Laura Daniel-Davis, Principal Deputy Assistant Secretary, Office of Land and Minerals Management
Bryan Newland, Principal Deputy Assistant Secretary, Office of Indian Affairs
Nikolao Pula, Acting Assistant Secretary, Insular and International Affairs, and Director, Office of Insular Affairs
Scott Mabry, Acting Director, Bureau of Safety and Environmental Enforcement
Tony L. Dearman, Director, Bureau of Indian Education
Darryl LaCounte, Director, Bureau of Indian Affairs
Amanda Lefton, Director, Bureau of Ocean Energy Management

Federal Agencies Need to Take Urgent Action to Manage Supply Chain Risks, [GAO-21-171](#) (Washington, D.C.: Dec. 15, 2020).

The Honorable Shalanda Young, Acting Director, Office of Management and Budget

Enclosure - Priority Open Recommendations to the Department of the Interior

Improve Oversight of Offshore Oil and Gas Activities

Offshore Oil and Gas: Opportunities Exist to Better Ensure a Fair Return on Federal Resources, GAO-19-531. Washington, D.C.: September 25, 2019.

Recommendations: The Bureau of Ocean Energy Management (BOEM) Director should

- enlist an independent third party to examine the extent to which the bureau's use of delayed valuations assures the receipt of fair market value, and make changes—such as terminating the use of delayed valuations or amending its model's assumptions—as appropriate; and
- take steps to ensure that BOEM's bid valuation process is not biased toward adjusting valuations downward based on their proximity to bids.

Actions Needed: Interior stated that it did not agree with our characterization of BOEM's delayed valuations; however, BOEM agreed to take some actions to examine its valuation process. To fully implement these recommendations, BOEM should enlist a third party to examine the tradeoffs and benefits of BOEM's continued use of delayed valuations. BOEM should also evaluate its valuations and remediate any identified deficiencies to ensure its process is working as intended.

High-Risk Area: [Management of federal oil and gas resources](#)

Director: Frank Rusco

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

Offshore Oil and Gas: Updated Regulations Needed to Improve Oversight and Decommissioning of Pipelines, GAO-21-293. Washington, D.C.: March 19, 2021.

Recommendation: The Bureau of Safety and Environmental Enforcement (BSEE) Director should take actions to further develop, finalize, and implement updated pipeline regulations to address long-standing limitations regarding its ability to (1) ensure the integrity of active offshore oil and gas pipelines and (2) address safety and environmental risks associated with their decommissioning.

Actions Needed: Interior agreed with this recommendation, and in March 2021 indicated that BSEE continues to work toward the publication of a proposed rule to replace its existing pipeline regulations but did not identify an expected completion date. To fully implement this recommendation, BSEE should take actions to update its pipeline regulations to better ensure the integrity of active offshore pipelines and address risks associated with their decommissioning.

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, Health, and Services at Bureau of Indian Education (BIE) Schools

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 it 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 to address safety hazards in school buildings. Interior needs to develop a plan that includes information on how it will train and equip school staff to address facility safety hazards.

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 Education: Actions Needed to Ensure Students with Disabilities Receive Special Education Services, GAO-20-358. Washington, D.C.: May 22, 2020.

Recommendation: The Director of BIE should establish consistent requirements for schools on making up missed special education and related services and monitor schools to ensure that they follow these requirements.

Action Needed: Interior agreed with this recommendation. To fully implement this recommendation, BIE should formally issue requirements on missed special education and related services to schools and monitor schools to ensure that they follow these requirements.

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 Bureau of Indian Affairs' (BIA) 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 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 developed system enhancements to record submittal dates for energy-related documents. To fully implement this recommendation, BIA needs to develop procedures to gather information on agency response times for monitoring and assessment.

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 would develop updated procedures on the response to tribal inquiries for resources available for self-determination contracts. BIA has updated its policy manual to include information on sources of funding available for tribes. To fully implement this recommendation, BIA needs to develop updated procedures to provide tribes with documentation on calculations and methodologies.

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

Address Micronesia and the Marshall Islands' Transition to Trust Fund Income

Compacts of Free Association: Actions Needed to Prepare for the Transition of Micronesia and the Marshall Islands to Trust Fund Income, GAO-18-415. Washington, D.C.: May 17, 2018.

Recommendations: The Secretary of the Interior should ensure that the Director of the Office of Insular Affairs, as Chairman of the Federated States of Micronesia (FSM) compact trust fund committee and Joint Economic Management Committee, and of the Republic of the Marshall Islands (RMI) compact trust fund committee and Joint Economic Management and Financial Accountability Committee, works with other members of these committees to

- develop a distribution policy for the FSM compact trust fund, as required by the compact trust fund agreement, that takes into account potential strategies that could address risks to the fund's ability to provide a source of income after fiscal year 2023;
- develop the fiscal procedures required by the FSM compact trust fund agreement;
- address the timing of the calculation of the FSM compact trust fund disbursements;

- develop a distribution policy for the RMI compact trust fund, as required by the compact trust fund agreement, that takes into account potential strategies that could address risks to the fund's ability to provide a source of income after fiscal year 2023;
- develop the fiscal procedures required by the RMI compact trust fund agreement; and
- address the timing of the calculation of the RMI compact trust fund disbursements.

Action Needed: Interior concurred with these recommendations and set a target date for implementation of October 1, 2023. The committees have held multiple meetings that included discussion of the distribution policies for the FSM and RMI compact trust funds and other post-2023 trust fund issues, but the committees have not made decisions or taken steps to address our recommendations. Ongoing bilateral negotiations between the United States and the FSM government and between the United States and the RMI government may address our recommendations or modify the trust fund structures. To fully implement these recommendations, Interior needs to work with both the FSM and RMI trust fund committees to develop distribution policies and fiscal procedures and to address the timing of the calculation of trust fund disbursements within the current compact structures, or ensure that ongoing negotiations with the FSM and the RMI governments address these issues in any future agreements.

Director: David Gootnick

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