

TESTIMONY OF MARY L. KENDALL
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DEPARTMENT OF THE INTERIOR BEFORE THE
HOUSE COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY
SUBCOMMITTEE ON OVERSIGHT

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Mr. Chairman, and members of the Subcommittee, good afternoon. Thank you for the opportunity to testify about the major management and performance challenges facing the Department of the Interior (DOI), and the approach the Office of Inspector General (OIG) takes for providing oversight in these program areas.

In accordance with the Reports Consolidation Act of 2000, the OIG makes a determination as to what the most significant management and performance challenges are facing DOI. In the past, the OIG would make this determination by looking at our recent past audit and investigative work to identify the major challenges. In the past two years, we chose to take a more prospective outlook. Utilizing a number of resources, including budget justifications, program descriptions, press statements and coverage, congressional and public interest, the OIG identified the top challenges we see facing the Department. We then met with DOI officials to gain their perspective on the challenges we identified, and together agreed upon the challenge areas we would report on. In those areas that the OIG had not done significant (or in some cases, any) audit or investigative work, we asked the Department to identify one or two program areas that present the most challenge or concern to the Department. Prior to issuing our report, we have done some limited analysis to better identify the scope of issues involved in these greater challenges. We then use the major management and performance challenges to inform and guide our audit (and to the extent possible, investigative) work in the coming year.

Last year, the OIG identified the top management and performance challenges as—

- Energy management;
- Climate change;
- Water programs;
- Responsibility to Indians and Insular Areas;
- *Cobell* and Indian land consolidation; and
- Operations efficiencies.

Therefore, in planning our audit and evaluation work for fiscal year 2013 and determining the scope for this work, we were guided by these top challenge categories in developing our targeted categories:

Energy

- Mineral Material Sales – Determine whether BLM is obtaining market value for mineral materials on public lands.

- Underground Injection Controls – Determine whether the Department has (1) an accurate inventory of authorized underground injection sites and (2) adequate environmental safeguards.
- Offshore Renewable Energy – (1) Identify ongoing and proposed offshore renewable energy projects. (2) Evaluate DOI’s budget and resource planning to determine if the Offshore Renewable Energy program is sufficiently funded and staffed to conduct leasing and oversight activities associated with offshore renewable energy. (3) Evaluate the process for establishing renewable energy fees to ensure fees are well reasoned and ensure a fair return to the federal government. (4) Evaluate the inspection and enforcement of the Offshore Renewable Energy program.
- Gulf of Mexico Energy Security Act (GoMESA) – Determine whether appropriate controls are in place to adequately ensure that GoMESA funds are being used only for authorized purposes. (The Act significantly enhances outer continental shelf oil and gas leasing activities and revenue sharing for the four Gulf oil and gas producing States of Alabama, Louisiana, Mississippi and Texas. Qualified revenues are transferred to the U.S. Treasury and to the Land and Water Conservation Fund (LWCF). From here, they are disbursed to the States. These funds are to be used for coastal conservation, restoration and hurricane protection.)
- Osage Nation Oil and Gas Program – Determine (1) the level of oil and gas oversight expertise at the Osage Agency and (2) what oil and gas oversight procedures exist as the Osage Agency (both in writing and in practice).
- Onshore Oil and Gas Permitting – Determine the effectiveness and efficiency of reviewing and issuing drilling permits on Federal and Indian oil and gas leases.
- Pipeline Management – Determine whether DOI has adequate inspection and enforcement programs to ensure that critical security and maintenance measures are effectively planned and implemented.

Climate Change

- Climate Change – Determine whether funding for climate change related projects are being effectively utilized and properly managed at the bureau level.

Water

- Coastal Impact Assistance Program (CIAP) – To (1) determine whether CIAP grant recipients have complied with CIAP’s authorizing legislation, Federal regulations, DOI policies, and grant terms and conditions; and (2) identify grant

management challenges that FWS should address as it assumes responsibilities for CIAP management from BOEMRE.

- Bureau of Reclamation Wastewater and Groundwater Programs – Determine whether (1) grants awarded under the WaterSMART programs contribute to sustainable water resources and (2) the WaterSMART grant program is being effectively administered.

Indians and Insular Areas

- Election System of the Virgin Islands – Administration of Election Laws – Determine whether the activities and functions of the Joint Boards of Elections are in compliance with election rules issued by the Office of the Supervisor of Elections.
- Evaluation of Guam Memorial Hospital Authority – Determine the ability of Guam’s Memorial Hospital to meet the medical care needs of the citizens of Guam in light of the planned increase in population from the military relocation. Further, determine whether opportunities exist to enhance medical services provided.
- Public Finance Authority – Monitoring of Capital Improvement Projects, Government of the Virgin Islands – Determine whether the Public Finance Authority adequately monitored the release of funds for its intended purpose in their capital improvement projects.

DOI Business Processes and Operations

- GovTrip Use and Monitoring – Determine whether proper management steps are being taken to use and monitor GovTrip
- Wildland Fire Controls – Determine whether the Wildland Fire program costs comply with applicable laws, regulations, policies and procedures. In addition, evaluate the effectiveness of internal controls over fire suppression and preparedness funding and the safeguarding of assets and resources.
- Wildland Fire Suppression Aviation Usage – Determine whether DOI is able to adequately justify its use of Interior-owned and/or contracted aircraft and related costs during wildfire land suppression activities.
- Recreation Revenue – Determine whether bureaus are obtaining market value (where appropriate) for recreation activities and amenities on public lands.
- USGS Requirements Under the National Earthquake Hazard Reduction Program (NEHRP) – Evaluate the effectiveness of the program, including the change from a discipline-focused organization to “science strategy” mission areas.

- Safety of Watercraft and Diving Operations – Determine whether bureaus are compliant with Federal and Departmental requirements. Specifically: (1) are watercraft operators and divers properly trained; (2) are required records kept; and (3) are safety incidents properly reported and investigated with causes mitigated?

In addition to these top challenges categories, we have maintained two additional targeted categories for audits and evaluations, as they are so integral to the mission of DOI and have been areas of concern historically –

- Asset protection and preservation; and
- Health, safety, security, and maintenance.

For investigations, we are necessarily more reactive. We cannot plan our investigative activities like we do audits and evaluations. We are, however, guided by five investigative priorities –

- Contract and grant fraud;
- Energy;
- Scientific misconduct;
- Ethical violations;
- Public safety and security.

Clearly, our investigative priorities overlap to a certain degree with our audit and evaluation priorities. This is a natural overlap, not necessarily intentional. But as an OIG of less than 300 employees that oversees a Department with over 75,000 employees, we must focus our oversight activities on those areas of greatest concern and challenge. Although there may be many other ways in which to fine-tune this focus, using targeted categories and investigative priorities help us deploy our resources to the areas in greatest need of oversight in the Department of the Interior.

Mr. Chairman and members of the Subcommittee, this concludes my formal testimony. I appreciate the opportunity to be here today, and would be happy to answer any questions you may have.