



THE DEPUTY SECRETARY OF THE INTERIOR  
WASHINGTON

SEP 13 2010

The Honorable Gene L. Dodaro  
Acting Comptroller General  
U.S. Government Accountability Office  
Washington, DC 20548

Dear Mr. Dodaro:

This letter is to report a violation of the Antideficiency Act, as required by section 1351 of Title 31, United States Code. A violation of section 1341(a) of Title 31, U.S.C. occurred in the Geothermal Lease Revenues, County Share account Treasury symbol 14X5574, in the total amount of \$1,212,455.

The violation is based on unauthorized payments made by the Bureau of Ocean Energy Management, Regulation and Enforcement, formerly known to as the Minerals Management Service, a component of the Department of the Interior, to county governments between November 2009 and February 2010. Enclosed is a table reflecting the specific amounts of the payments to each county. The violation occurred in Fiscal Year 2010, which has not been audited. The Department received a clean audit opinion in FY 2009. The agencies affected by this violation include the Department's BOEMRE and the Bureau of Land Management.

On October 30, 2009, Congress passed the Department of the Interior, Environment and Related Agencies Appropriations Act, 2010 (Public Law 111-88) that included a provision eliminating the Department's authority to make geothermal revenue payments to counties and to the BLM Geothermal Steam Act Fund. The violation consists of payments to counties made after the enactment of the 2010 Appropriations Act on October 30, 2009. BOEMRE also made payments to the BLM Geothermal Steam Act Fund. These payments were subsequently reversed, so no ADA violation occurred. The Office of Financial Management at the BOEMRE disburses these payments through an automated system. The unauthorized payments resulted from a failure to reprogram the system to terminate the payments to the counties when the 2010 Appropriations Act became law. The OFM's failure to reprogram the system had several contributing factors, primarily due to shortcomings in an internal control process.

The Associate Director for Minerals Revenue Management, Mr. Gregory Gould, is the senior executive responsible for revenue collection and disbursement at the MMS and, as such, is the officer responsible for the violation. Based on the inadvertence of the violation and absence of willful intent to violate the Antideficiency Act, no formal administrative discipline has been deemed appropriate.

To prevent a reoccurrence of the mistake, the Department is implementing a Department-wide corrective action plan. As part of this, the BOEMRE established new, explicit processes with specific assigned responsibilities to ensure all divisions review all legislative provisions in

appropriations acts to identify provisions affecting any aspect of operations. As a result, communications will be strengthened within the Department to ensure coordination of the organizational units tasked with tracking the appropriations acts and those responsible for budget execution, financial management, and program operations.

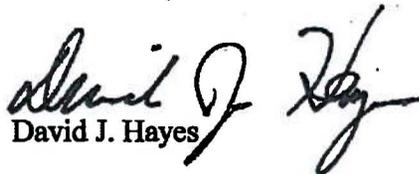
The Department's Office of Budget will revise procedures for tracking appropriations actions, implement new management controls requiring confirmation of authorization and appropriation language review, provide training and detailed guidance to the bureaus on the preparation of apportionments, and update funds control regulations to reflect these changes in accordance with OMB Circular A-11 requirements.

In summary, the BOEMRE mistakenly made the unauthorized payments to the counties because changes in the distribution formula were not adequately communicated to the appropriate staff. The Department is establishing new, explicit processes with specific assigned responsibilities to ensure review of all legislative provisions in appropriations acts and to improve communications and collaboration with and among the bureaus.

Shortly after discovering the overpayments, the Department notified the counties of the error and began making arrangements for repayment by counties. On July 29, 2010, Congress enacted P.L. 111-212 (Supplemental Appropriations Act), reinstating the payments to the counties retroactive to the beginning of the Fiscal Year. While this did not eliminate the ADA violation that occurred at the time the payments were made, the Department has accordingly ceased efforts to collect the overpayments from the counties.

Identical reports will be submitted to the presiding officers of the Senate and the House of Representatives.

Sincerely,

  
David J. Hayes

Enclosure

**UNITED STATES DEPARTMENT OF THE INTERIOR**  
**Minerals Management Service**  
**Enclosure #1: Antideficient Payments to Counties**

<b>County</b>	<b>Erroneous Payments <sup>1/</sup></b>
BEAVER COUNTY - UTAH	\$57,157
IMPERIAL COUNTY - CALIFORNIA	\$44,777
INYO COUNTY - CALIFORNIA	\$66,324
LAKE COUNTY - CALIFORNIA	\$256,203
LASSEN COUNTY - CALIFORNIA	\$3,381
MONO COUNTY - CALIFORNIA	\$17,315
SONOMA COUNTY - CALIFORNIA	\$367,639
SISKIYOU COUNTY - CALIFORNIA	\$1,120
DONA ANA COUNTY - NEW MEXICO	\$140
CHURCHILL COUNTY - NEVADA	\$182,124
ESMERALDA COUNTY - NEVADA	\$8,790
EUREKA COUNTY - NEVADA	\$694
LANDER COUNTY - NEVADA	\$16,853
NYE COUNTY - NEVADA	\$60
WASHOE COUNTY - NEVADA	\$14,367
CASSIA COUNTY - IDAHO	\$6,508
LYON COUNTY - NEVADA	\$941
ELKO COUNTY - NEVADA	\$2,275
PERSHING COUNTY - NEVADA	\$37,145
HUMBOLDT COUNTY - NEVADA	\$6,279
IRON COUNTY - UTAH	\$19,244
CARIBOU COUNTY - IDAHO	\$318
MILLARD COUNTY - UTAH	\$31,911
DESCHUTES COUNTY - OREGON	\$20,983
WHITE PINE COUNTY - NEVADA	\$935
LAKE COUNTY - OREGON	\$24,987
JUAB COUNTY - UTAH	\$23,985
<b>Total</b>	<b>\$1,212,455</b>

Note: 1/ Erroneous payment categorized as antideficient.