BUREAU OF LAND MANAGEMENT

Improvements Needed in Internal Controls over Mining Law Administration Program Funds

Why GAO Did This Study

BLM’s mining law program is responsible for managing the exploration and development of minerals, such as gold, silver, and copper, on federal land. The program is funded through fees collected from holders of mining claims and sites, subject to limits in annual appropriations acts, and is appropriated funds from the Department of the Treasury to the extent that the actual fees collected fall short of such limits.

GAO was asked to review the funding and spending of the mining law program. This report discusses (1) the amounts appropriated and expended for the program and (2) the extent to which BLM designed and implemented internal controls to reasonably assure that designated funds are spent only on mining law program operations. To address these objectives, GAO (1) reviewed relevant BLM policies and procedures and financial data, (2) conducted tests on a statistical random sample of fiscal year 2013 nonpayroll expenditures, and (3) interviewed BLM officials and employees.

What GAO Recommends

GAO recommends that BLM (1) review and update its mining law program policies and procedures, as necessary; (2) establish procedures for communicating such changes; (3) develop and implement a related training program; and (4) regularly monitor compliance with its policies and procedures. Interior generally agreed with the findings, concurred with GAO’s recommendations, and described actions taken or planned to address each recommendation.

View GAO-15-562. For more information, contact Beryl H. Davis at (202) 512-2623 or davisbh@gao.gov.

What GAO Found

The Department of the Interior’s (Interior) Bureau of Land Management’s (BLM) Mining Law Administration Program (mining law program) was appropriated and expended almost $40 million annually from fiscal years 2011 through 2013. Funds are to be used for mining law program activities such as administering mining claims and processing notices for mineral exploration. The mining law program’s largest expenditures include personnel compensation and contractual services and supplies, which account for over 96 percent of its expenditures.

BLM has designed internal controls, including policies and procedures over mining law program funds, but some of them are inconsistent, outdated, and not effectively communicated. GAO’s statistical tests of fiscal year 2013 nonpayroll mining law program expenditures showed that BLM did not effectively implement controls to reasonably assure that such mining law program transactions were properly recorded and supported.

Estimated Percentages of Control Deficiencies in Nonpayroll Expenditures of the Mining Law Administration Program (Mining Law Program) for Fiscal Year 2013

<table>
<thead>
<tr>
<th>Key controls</th>
<th>No</th>
<th>Yes</th>
</tr>
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<tbody>
<tr>
<td>Was the expenditure recorded accurately to the correct fund, subactivity, fiscal year, and budget category?</td>
<td>13</td>
<td>87</td>
</tr>
<tr>
<td>Was the expenditure related or reasonably allocated to the mining law program?</td>
<td>14</td>
<td>86</td>
</tr>
<tr>
<td>Was the transaction authorized?</td>
<td>16</td>
<td>84</td>
</tr>
<tr>
<td>Did the expenditure have evidence of timely and adequate supervisory review of supporting documentation?</td>
<td>31</td>
<td>69</td>
</tr>
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Source: GAO estimate of audit test results. | GAO-15-562

Note: All percentage estimates from the tests have margins of error at the 95 percent confidence level of plus or minus 9 percentage points or less.

In addition, in interviews conducted at selected BLM offices, GAO found that some employees were charging hours of work to the mining law program based on funding allocations or supervisor instructions rather than the actual work performed, as required by BLM policies. While these examples cannot be generalized to all BLM employees, they illustrate control deficiencies that increase the risk that BLM employees are not charging the program correctly.

GAO found that internal control implementation deficiencies were the result of design flaws in BLM’s policies and procedures as well as the lack of training and monitoring to reinforce them. Because of these deficiencies, BLM does not have reasonable assurance that mining law program expenditures relate to or are reasonably allocated to the program. As a result, the information in BLM’s financial records may be at risk of not reflecting the actual cost of the mining law program.