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## OIL AND GAS MANAGEMENT

### Stronger Leadership Commitment Needed at Interior to Improve Offshore Oversight and Internal Management

#### Why GAO Did This Study

On April 20, 2010, the *Deepwater Horizon* drilling rig exploded in the Gulf of Mexico. The incident raised questions about Interior's oversight of offshore oil and gas activities. In response, in May 2010, Interior reorganized its offshore oil and gas management activities, and in October 2011, created BSEE to among other things, develop regulations, conduct inspections, and take enforcement actions. In February 2011, GAO added the management of federal oil and gas resources to its High-Risk List. In December 2015, BSEE issued a strategic plan outlining initiatives to improve offshore safety and environmental oversight as well as its internal management.

This report examines what efforts BSEE leadership has made in implementing key strategic initiatives to improve its (1) offshore safety and environmental oversight and (2) internal management. GAO reviewed laws, regulations, policies, and other documents related to the development of BSEE's strategic initiatives. GAO also interviewed BSEE officials.

#### What GAO Recommends

GAO is making four recommendations, including that higher-level leadership within Interior (1) establish a mechanism for BSEE management to obtain and incorporate input from bureau personnel that can affect the bureau's ability to achieve its objectives and (2) address leadership commitment deficiencies within BSEE, including by implementing internal management initiatives and ongoing strategic initiatives in a timely manner. Interior neither agreed nor disagreed with our recommendations.

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#### What GAO Found

The Department of the Interior's (Interior) Bureau of Safety and Environmental Enforcement (BSEE) leadership has started several key strategic initiatives to improve its offshore safety and environmental oversight, but its limited efforts to obtain and incorporate input from within the bureau have hindered its progress. For example, to supplement its mandatory annual regulatory compliance inspections, in 2012, BSEE leadership began developing a risk-based inspection initiative to identify high-risk production facilities and assess their safety systems and management controls. During pilot testing in 2016, several deficiencies—including the usefulness of its facility risk-assessment model and unclear inspection protocols—caused BSEE to halt the pilot. According to bureau officials, during the development of the initiative, BSEE headquarters did not effectively obtain and incorporate input from regional personnel with long-standing experience in previous risk-based inspection efforts, who could have identified deficiencies earlier in the process. GAO previously found that when implementing large-scale management initiatives a key practice is involving employees to obtain their ideas by incorporating their feedback into new policies and procedures. Instead, BSEE leadership appears to have excluded the input of regional personnel by, for example, not incorporating input beyond the risk-assessment tool when selecting the first pilot facility, even though it was prescribed to do so in the bureau's inspection planning methodology. This undercut the pilot effort, raising questions about whether the bureau's leadership has the commitment necessary to successfully implement its risk-based program. Without higher level leadership within Interior establishing a mechanism for BSEE to obtain and incorporate input from personnel within the bureau, BSEE's risk-based inspection initiative could face continued delays.

Similarly, since 2013, BSEE leadership has started several key strategic initiatives to improve its internal management, but none have been successfully implemented, in part, because of limited leadership commitment. For example, BSEE's leadership identified the importance of developing performance measures in its 2012-2015 strategic plan. BSEE began one of three attempts to develop performance measures in July 2014 by hiring a contractor to develop measures, but the bureau terminated this contract in January 2015 after determining a need to complete its internal reorganization before developing such measures. A second effort to develop performance measures started in December 2015, using the same consultant, and yielded 12 performance measures in March 2016, but BSEE did not implement them, in part, because data did not exist to use the measures. By the time BSEE received this consultant's report, it had already begun a third effort to internally develop performance measures; as of November 2016 had identified 17 draft performance measures, but BSEE leadership missed repeated deadlines to review them. BSEE officials told GAO that after leadership approval, the bureau plans to pilot these measures and develop others. BSEE leadership has not demonstrated continuing oversight and accountability for implementing internal management initiatives, as evidenced by its limited progress implementing key strategic initiatives. Without higher-level oversight within Interior addressing leadership commitment deficiencies within BSEE, the bureau is unlikely to succeed in implementing internal management initiatives.