June 2, 2022

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:

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 2021, we reported that on a government-wide basis, 76 percent of our recommendations made 4 years ago were implemented.² Interior’s recommendation implementation rate was 63 percent. As of April 2022, Interior had 62 open recommendations. Fully implementing these open recommendations could significantly improve Interior’s operations.

Since our June 2021 letter, Interior implemented two of our 13 open priority recommendations.

- In February 2022, the Bureau of Indian Affairs (BIA) updated its procedures to direct BIA regions to provide tribes with documentation on the calculations and methodologies BIA uses to identify resources available for tribes to administer certain federal programs using a self-determination contract or self-governance compact.³

- In January 2022, the Bureau of Indian Education (BIE) reported that they developed a plan to build schools’ capacity to address health and safety issues related to facilities.⁴

We ask your continued attention to the 11 remaining priority recommendations that we identified in our 2021 letter. We are also adding two new priority recommendations related to improving oversight of offshore oil and gas activities and addressing strategic workforce challenges related to the reorganization of the Bureau of Land Management (BLM). These new recommendations

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.


bring the total number of open priority recommendations to 13. (See the enclosure for the list of recommendations and actions needed to implement them.)

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

1. **Improve Oversight of Offshore Oil and Gas Activities.** Management of federal oil and gas resources has been on our High-Risk List since 2011. Implementing our four priority recommendations in this area would enable Interior to better ensure the public receives a fair return for resources extracted from federal lands and waters, ensure the integrity of active offshore pipelines and address safety and environmental risks associated with their decommissioning, and improve information tracking across three Interior data systems.

2. **Take Action to Ensure Special Education Services at BIE Schools.** BIE supports 183 elementary and secondary schools that serve approximately 41,000 mostly low-income students in rural communities on or near reservations in 23 states. By implementing our priority recommendation in this area, BIE would improve eligible children’s access to special education and related services at its schools across the country.

3. **Improve BIA’s Management of Energy Development on Indian Lands.** We have found that BIA’s lengthy review processes for documents such as easements, rights-of-way agreements, and valuations has hindered tribes from pursuing energy resource development opportunities that could provide significant benefits to tribes and their members. Implementing our priority recommendation in this area would help ensure BIA’s reviews do not hinder tribes’ economic development opportunities.

4. **Address Micronesia and the Marshall Islands’ Transition to Trust Fund Income.** After U.S. economic assistance to the Federated States of Micronesia (FSM) and Republic of the Marshall Islands (RMI) ends in 2023, disbursements of earnings from each country’s trust fund are intended to provide revenue to that country. Implementing our six priority recommendations in this area will help Interior address risks to the funds’ ability to provide income after the transfer to trust fund income and better prevent FSM and RMI from facing economic and fiscal shocks and challenges with planning programs and budgets.

5. **Conduct Strategic Workforce Planning at BLM.** In November 2021, we found that BLM made substantial changes to its organizational structure without a strategic workforce plan that addressed the two critical needs that define strategic workforce planning: (1) aligning the agency’s human capital program with emerging mission goals and (2) developing long-term strategies for acquiring, developing, and retaining staff to achieve programmatic goals. By implementing our priority recommendation in this area, BLM will better ensure it has the workforce it needs to achieve its mission and goals, especially as it plans to return its national headquarters to Washington, D.C., from Grand Junction, Colorado.

In March 2021, 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. 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,\(^\text{5}\) and (5) government-wide personnel security clearance 
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. In March 2022, we issued a report on key practices to successfully address high-risk 
areas, which can be a helpful resource as your agency continues to make progress to address 
high-risk issues.\(^\text{6}\)

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 62 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,

[Signature]

Gene L. Dodaro
Comptroller General 
of the United States

Enclosure – 1

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\(^\text{5}\)With 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: 
15, 2020).

\(^\text{6}\)GAO, High-Risk Series: Key Practices to Successfully Address High-Risk Areas and Remove Them from the List, 
cc: Laura Daniel-Davis, Principal Deputy Assistant Secretary, Office of Land and Mineral Management
Bryan Newland, Assistant Secretary, Office of Indian Affairs
Keone Nakoa, Deputy Assistant Secretary, Insular and International Affairs
Nikolao Pula, Director, Office of Insular Affairs
Tony Dearman, Director, Bureau of Indian Education
Darryl LaCounte, Director, Bureau of Indian Affairs
Amanda Lefton, Director, Bureau of Ocean Energy Management
Kevin M. Sligh, Sr., Director, Bureau of Safety and Environmental Enforcement
The Honorable Shalanda Young, Director, Office of Management and Budget
1. Improve Oversight of Offshore Oil and Gas Activities


**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 did not agree with our first recommendation—specifically, with our characterization of BOEM’s delayed valuations—and partially agreed with our second recommendation. However, BOEM agreed to take some actions to examine its valuation process. In March 2022, BOEM told us that it expected to complete its actions to respond to both recommendations in fiscal year 2022. 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. Implementing these recommendations will allow Interior to ensure the public receives a fair return for these resources.

**High-Risk Area:** Management of federal oil and gas resources

**Director:** Frank Rusco

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


**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. As of April 2022, BSEE indicated that it has taken a number of actions to update its pipeline regulations and anticipates publishing a proposed rule in late summer 2022. To fully implement this recommendation, BSEE should update its pipeline regulations. Doing so will allow BSEE 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

**Recommendation:** The Secretary of the Interior should direct the Chief Information Officer to develop a plan to address data-sharing challenges in the course of updating and modernizing key oil and gas data systems, including automating data sharing and adopting common identifiers for leases and operators.

**Actions Needed:** Interior agreed with this recommendation. As of February 2022, Interior had taken steps, including requiring each Interior agency to have an Associate Chief Data Officer responsible for governing data systems throughout their lifecycle and managing the overall portfolio of data systems, which Interior anticipates will become the building blocks of a plan to address data-sharing challenges. To fully implement this recommendation, Interior should develop and implement such a plan. Doing so would make it easier and more efficient to track information across three data systems used by BLM and Office of Natural Resources Revenue staff.

**High-Risk Area:** Management of federal oil and gas resources

**Director:** Frank Rusco

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

2. **Take Action to Ensure Special Education Services at Bureau of Indian Education (BIE) Schools**


**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. In March 2022, BIE told us it was finalizing its policy and guidance on special education and related services, and that this would include guidance on missed services. BIE said it expects to issue the policy by the end of fiscal year 2022. To fully implement this recommendation, BIE should formally issue such requirements and monitor schools to ensure compliance with them. By implementing this recommendation, BIE would improve access to special education and related services at its schools across the country.

**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

3. **Improve Bureau of Indian Affairs’ (BIA) Management of Energy Development on Indian Lands**

**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. As of February 2022, Interior had established time frames for BIA to follow for approving communization agreements, which certain leases require before royalty distribution. To fully implement this recommendation, BIA needs to develop a process to monitor and assess agency review and response times. Doing so would help ensure BIA’s reviews are more transparent and efficient and do not hinder tribes’ economic development opportunities.

**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

4. **Address Micronesia and the Marshall Islands’ Transition to Trust Fund Income**


**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 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 of October 1, 2023, to implement them (as of March 2022, Interior still had this target date). The compact trust fund committees have held multiple meetings that included discussion of the distribution policies for the FSM and RMI trust funds and other post-2023 trust fund issues. However, the committees have not made decisions or taken steps to address our recommendations. Ongoing bilateral negotiations between the U.S. and the FSM and RMI governments may address our recommendations or modify the trust fund structures. Interior also anticipated that the bilateral discussions would include discussion of the trust fund agreement.
To fully implement our recommendations, Interior needs to work with both trust fund committees to develop distribution policies and fiscal procedures and address the timing of the calculation of trust fund disbursements within the current compact structures, or ensure that ongoing negotiations—and any future agreements—with the FSM and RMI governments address these issues. Addressing these issues would help reduce the risks to the availability of future trust fund disbursements.

**Director:** Latesha Love

**Contact information:** lovel@gao.gov, (202) 512-4409

5. **Conduct Strategic Workforce Planning**


**Recommendation:** The Director of BLM should develop an agency-wide strategic workforce plan that aligns the agency's human capital program with emerging mission goals and includes long-term strategies for acquiring, developing, and retaining staff to achieve programmatic goals.

**Action Needed:** Interior agreed with this recommendation. As of April 2022, BLM said it was developing a process for bureau-wide strategic workforce planning, to be completed by June 30, 2022. To fully implement our recommendation, BLM needs to complete and provide to us an agency-wide strategic workforce plan. By completing this plan, BLM will have better assurance it has the workforce necessary to achieve its mission and goals, especially as it plans to return its national headquarters to Washington, D.C., from Grand Junction, Colorado.

**High-Risk Area:** Strategic human capital management, management of federal oil and gas resources

**Director:** Frank Rusco

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