OFFICE OF
INSPECTOR GENERAL
U.S.DEPARTMENT OF THE INTERIOR

FINANCIAL MANAGEMENT DIVISION, OFFICE OF NATURAL RESOURCES REVENUE

JUN 0 3 2016

Memorandum

To: Greg Gould
           Director, Office of Natural Resources Revenue

From: Mary L. Kendall
           Deputy Inspector General

Subject: Final Audit Report – Financial Management Division, Office of Natural
           Resources Revenue
           Report No. CR-IN-ONRR-0007-2014

This memorandum transmits the findings of our audit of the Office of Natural Resources Revenue's Financial Management division. Our audit objective was to assess the efficiency of the processes to accurately and timely collect and distribute energy- and mineral-related revenue. Financial Management has the primary revenue collection and disbursement responsibility for the agency, and was the focus of our audit. We found that, overall, ONRR was accomplishing its mission, but we identified various inefficient practices and procedures that prevent Financial Management from functioning at the highest level.

Our report contains 17 recommendations that, if implemented should improve operations and increase efficiency. After reviewing our draft report and engaging in followup discussions, ONRR concurred with all recommendations and provided target dates and officials responsible for implementation. Based on this response, we consider the recommendations resolved but not implemented, and we will forward them to the Office of Policy, Management and Budget to track their implementation.

The legislation creating the Office of Inspector General requires that we report to Congress semiannually on all audit, inspection, and evaluation reports issued; actions taken to implement our recommendations; and recommendations that have not been implemented.

If you have any questions concerning this report, please do not hesitate to contact me at 202-208-5745.

Table of Contents

Results in Brief

We audited the Office of Natural Resources Revenue's (ONRR) Financial Management division and found that, overall, it was collecting and distributing revenue in a timely and accurate manner, but we identified eight major areas encompassing inefficient practices and procedures that prevent Financial Management from functioning at the highest level. In addition, we found issues regarding ONRR's information system and how requests to modify the system are managed and processed. Further, we identified potentially serious issues with ONRR's oil price edits, negative estimates, and policies and procedures.

Our report contains 17 recommendations that, if implemented, should improve ONRR's operations and increase efficiency. Addressing these issues could significantly improve the division's operations and maximize its performance.

Introduction

Objective

Our objective was to assess the efficiency of the Office of Natural Resources Revenue's (ONRR) processes to accurately and timely collect and distribute energy- and mineral-related revenue. See Appendix 1 for the scope and methodology.

Background

Organizationally located under the U.S. Department of the Interior's (Department) Assistant Secretary for Policy, Management and Budget, ONRR is responsible for collecting, disbursing, and verifying revenue from natural resources produced on Federal and Indian lands. Revenue collections, such as royalties, lease sales, and rentals, vary from year to year based on factors including the number and extent of lease sales and fluctuations in oil and gas prices. Since fiscal year (FY) 2012, revenue collections have averaged over $13 billion. ONRR distributes the revenue to 74 principal recipients consisting of 35 State governments, 34 Indian tribes, 3 special use accounts, the Office of the Special Trustee for American Indians, and the U.S. Treasury. These revenues fund programs and operations administered by Federal, State, and tribal governments, and benefit the general public including approximately 30,000 individual Indian mineral owners.

ONRR is composed of multiple programs and functional areas that contribute to managing mineral revenue. The Financial Management division is responsible for the accurate and timely collection and disbursement of revenues, and was the focus of our audit.

The Financial Management division is based in Lakewood, CO, consists of 4 branches, and includes approximately 170 employees, mostly accountants and mineral revenue specialists, supporting the 4 branches:

- *Accounting Services* provides general ledger control of all Financial Management activities and distributes mineral revenues to State, Indian, and various Federal treasury accounts. Distributions are made semi-monthly to the Bureau of Indian Affairs and monthly to States, counties, the U.S. Treasury, and other Federal agencies. Most transactions are electronic, but paper checks and correspondence are processed manually. Paper documents and correspondence are electronically scanned for record-keeping purposes.
- *Financial Services* ensures that oil and gas industry reporters comply with Federal laws, regulations, and lease terms. This includes reconciling payments to reports and issuing bills for late or insufficient royalty payments, liquidated damages, and right-of-way assessments. Financial

Services also identifies and collects unpaid royalties and refers delinquent debt to the U.S. Treasury in accordance with the Debt Collection Act.

- *Reporting & Solid Mineral Services* establishes and manages the automated reference database for Federal and Indian oil, gas, geothermal, and solid mineral leases and agreements. This includes payor account information such as customer numbers, contact names, and customer addresses. This branch also corrects errors on reports received and ensures that solid mineral and geothermal industry reporters follow applicable laws, regulations, and lease terms in their financial reporting.

- *Data Mining Services* analyzes reported data to detect missing royalty reports, payments, and patterns; resolves anomalies; and resolves reporting errors more timely and efficiently than the normal audit cycle. This branch reported $96.7 million in additional revenues collected since it was established in FY 2010.

Each month, ONRR receives and processes about 49,000 royalty and production reports from approximately 3,300 royalty payors and 1,500 production reporters. These reports contain approximately 845,000 lines of data subject to verification.

Information systems play a key role in ONRR's collection and disbursement activities. ONRR receives 99 percent of reports and about 98 percent of revenue payments electronically. The Minerals Revenue Management Support System (MRMSS) and its financial subsystem allow ONRR to account for and disburse mineral revenues in a timely manner. During 2013 and 2014, MRMSS underwent a system-wide upgrade to improve controls, increase efficiency, and address recent Office of Inspector General and Government Accountability Office recommendations.

Findings

We concluded that, overall, ONRR's Financial Management division was collecting and distributing revenue in a timely and accurate manner, but we identified several inefficient practices and procedures. We also found issues regarding ONRR's information system and how requests to modify the system are managed and processed. Further, we identified potentially serious issues with Financial Management's system for oil price edits, negative estimates, and policies and procedures. Addressing these issues and correcting the identified inefficiencies could significantly improve the division's operations and maximize its performance.

Process Improvement Opportunities
Payment Matching

Payment Predictor, a component of the MRMSS financial subsystem, helps ensure an accurate accounting for royalty obligations by comparing a company's payments to its corresponding reports. In short, Payment Predictor detects payments that have not been applied and open receivables that have not been paid by comparing key fields between the payments and the corresponding royalty reporting documents. Any anomalies are then analyzed, reconciled, and resolved by an ONRR accountant. The Financial Services branch has four accounts receivable teams with a total of 31 accountants that perform this function.

We found that Payment Predictor frequently does not match a company's payment to the report, typically because the company did not provide sufficient explanatory detail. This requires the ONRR accountant to follow up and reconcile the difference. Although manual reconciliation is part of the matching process, the reconciliation can be a time consuming procedure when ONRR's accountants do not have enough information to efficiently research and resolve the matter. Accountants estimated the procedure can take up to 20 minutes to clear a single payment.

Our analysis further disclosed that accountants expend significant time reconciling unmatched payments for inconsequential reasons such as incorrect Payor-Assigned Document (PAD) numbers, case sensitivity, incomplete information, and single payments covering multiple obligations. These discrepancies result in time spent resolving matters unrelated to actual revenue underpayments, the intended purpose of Payment Predictor.

Accountants expend most of their reconciliation effort on two types of electronic payment systems—Automated Clearing House (ACH) and Fedwire—which do not require payors to provide comprehensive payment detail. In comparison, the electronic payment system known as Pay.gov requires more explanatory information from payors, and our analysis indicates that the detail results in

higher payment matching accuracy. In addition, Pay.gov is free of cost whereas ACH and Fedwire require a fee.

We noted that Payment Predictor does match most payments and the number of payments requiring research has declined over the past several years. A large number of payments still require manual processing by staff accountants. For instance, 13,665 out of 54,980 payments (25 percent) in FY 2014 required manual follow-up. We believe the matching rate can be improved and that a more efficient Payment Predictor could allow some accountants to be assigned to more productive duties in Financial Management or in another program area.

One accountant demonstrated an automated program developed to match payments based on certain criteria and used as a "work-around" for Payment Predictor. In an effort to enhance payment matching, some Financial Services employees are using these types of work-arounds to design a computer program called the Task Management Tool. This employee initiative is also intended to consolidate multiple system work-arounds. At the time of our audit, it was too soon to know if Task Management Tool will result in improvements. We commend ONRR employees for taking action, but as of the date of this report, the system contractor has not been involved in the process of incorporating any design improvements into MRMSS. ONRR employees took this initiative out of frustration to expedite a solution for this problem.

Recommendations

We recommend that ONRR:

1. Enforce the requirement for payors to provide critical payment information; and

2. Work with the contractor to update the system requirements to improve payment matching capabilities, including assessing the payment matching criteria ONRR employees developed for the Task Management Tool.

Database Updates

On a daily basis, accountants in the Financial Services branch update the MRMSS financial subsystem to reflect adjustments and entries made. This becomes a time-consuming process when multiple adjustments are needed. Management limits accountants to update one payment obligation at a time and the system has a 30-minute period to cycle through each update. For example, 20 hours are required to post 40 obligations from a single payment. A "post now" function exists for making an immediate comprehensive update, but ONRR restricts this capability to only supervisors and managers. ONRR officials explained that the

"post now" function is limited by the MRMSS capability of running just three application server jobs at once, which prevents accommodating all potential users. Consequently, the "post now" function is not always available when needed. Modifying the system would expedite the updates and thereby increase work efficiency.

Recommendation
We recommend that ONRR:
3. Assess system capabilities to allow for "post now" access to additional personnel.

Interest Assessments

When a company submits a payment that is late or insufficient in amount, it must pay an interest penalty to ONRR. The accounts receivable teams are responsible for making these interest assessments. The interest calculation module in MRMSS that should automatically generate the invoices assessing the interest penalty, however, does not fully function. To address this problem, the accounts receivable teams created a work-around to verify interest calculations.

In calculating the assessment, the applicable interest rates are based on selected rates used by the Internal Revenue Service for tax payers or the U.S. Treasury's "current value of funds rate" and applies to the period the payment was actually made versus the original due date of the sales month.

In addition to the interest computed for underpayments, ONRR must calculate and pay interest on overpaid royalties (see Figure 1). From FY 2012 through FY 2014, the average interest charged to companies was $99,280,705 and the average interest paid by ONRR was $68,207,601.

Interest Summary

Fiscal Year	Interest Charged to Companies	Interest Paid by ONRR
2012	$91,556,807	$67,737,482
2013	146,071,352	99,491,503
2014	60,213,957	37,393,819
Total	**$297,842,116**	**$204,622,804**

Figure 1. Interest paid and received for FY 2012 through FY 2014. Source: ONRR

The system contractor created a module known as Interest Workbench, but ONRR employees stated this module does not function properly. Accordingly, the process for calculating interest is manually intensive, time consuming, and paper-intensive. Accountants estimated that this function accounts for the majority (about 60 percent) of their worktime. The Task Management Tool, previously mentioned in the Payment Matching section, also includes an enhancement to perform the interest assessments.

Recommendation

We recommend that ONRR:

4. Update the system requirements to automate the process for calculating interest and thus minimize the amount of manual work.

Manual Document Processing

Paper checks and reports represent only 1 percent of payments and reports received, yet necessitate a substantial portion of the document processing workload. Paper checks have decreased in recent years, but still number about 30,000 annually. Most of the paper checks (about 70 percent) are written to pay a company's annual lease rental obligation. To reduce the number of paper checks and facilitate electronic rental payments, ONRR implemented the Online Rental Payment System (ORPS) in January 2015, but use of the system is optional for the payors and is not being used to its full potential. Although ONRR issued a letter to payors in January 2015 announcing ORPS, it did not make the new system mandatory.

At about the same time, ONRR contacted the 10 reporters that sent the most paper checks, to request that they submit payments electronically. In response, the reporters stated that they needed time to convert to electronic payments. ONRR intends to continue following up with reporters that submit paper checks, and plans to refer them to the Office of Enforcement for civil penalties. In January 2016, ONRR issued a "Dear Reporter Letter" requiring all payments to be submitted electronically.

Manual processing includes extra effort to handle and distribute physical documents, scan checks into electronic format for record keeping purposes, physically safeguard checks and related documents, and process the payments. In contrast, electronic payments are processed more quickly, with much less labor and expense, and with no loss in security.

The Code of Federal Regulations (C.F.R.) gives ONRR the authority to require electronic payments. The C.F.R. states that payors "must make all payments to ONRR electronically to the extent it is cost effective and practical." Nevertheless,

ONRR has been reluctant to mandate electronic payments even though this would modernize the process and enhance efficiencies.[1]

In addition, companies using paper checks and reports have not been required to reimburse ONRR for the added expense associated with manual processing. Accordingly, companies have no incentive to convert to electronic reporting. Although ONRR prefers the electronic format, it has gone along with industry's slow adoption of electronic payments and documents. We believe a more assertive approach will be more productive.

Recommendation

We recommend that ONRR:

5. Continue efforts to require payors to remit payments electronically.

Erroneous Reporting and Assessments

Our review suggests that the oil and gas industry relies on ONRR to reconcile its reports and correct erroneous entries. The companies, not ONRR, are responsible for accurately reporting information, but ONRR continually reconciles these reports and detects erroneous information. In accordance with the C.F.R., ONRR assesses penalties of up to $250 when the payment amount is not equivalent to the associated report because of inadequate or erroneous information submitted by the payor.[2] This relatively low dollar amount may not represent a sufficient deterrent considering the energy industry routinely handles business transactions in the millions of dollars. Raising assessments to a higher amount should incentivize companies to report correctly.

Currently, assessments apply solely to geothermal, solid minerals, and Indian oil and gas leases; Federal oil and gas leases are not included in this regulation. We could not find any reason why assessments should not apply to Federal leases. From FYs 2011 through 2014, ONRR issued 955 assessments totaling $204,370 to companies that provided inaccurate or erroneous information for these other leases. In addition, Data Mining Services processed 29,233 exceptions that resulted in the collection of $37.2 million in additional royalties attributable to industry's incorrect reporting in FY 2014.

In a related matter, for many years ONRR has sent lessees "courtesy notices" via regular mail as a reminder to pay annual rents if a lease is not producing oil or gas. These courtesy notices applied to approximately 27,500 non-producing leases in FY 2014. During our fieldwork, management stated it intended to eventually eliminate the courtesy notices but had no official timeframe for completing this

---

[1] 30 C.F.R. §1218.51(b)
[2] 30 C.F.R. §1218.41

action. Management subsequently provided a letter to payors that eliminated the courtesy notices as of September 2015. We support eliminating the notices, or alternatively, sending the notices electronically, as hard copy notices are an unnecessary burden in both worktime and administrative expense.

Recommendations

We recommend that ONRR:

6. Explore options to improve the accuracy of payor production and royalty reporting. This could include pursuing options to deter inadequate or erroneous reporting; and

7. Discontinue the practice of sending "courtesy notices" to payors or issue these notices electronically.

Oil Price Edits

The monthly production and royalty reports that ONRR receives are subjected to over 100 automated system edits as a data check to identify initial errors. Both up-front and second-level edits are used and two edit types are employed: a warning edit, where a reporter is instructed to verify the data input prior to submission; and a fatal edit, where a reporter cannot proceed without correcting the data. We found, however, that the oil price edit within MRMSS contains an overly broad range of acceptable prices that allow virtually all reported oil royalties to pass through the system unquestioned. Of greatest concern, a company may report oil sales significantly below the current market price per barrel with no detection from the system's price edit, resulting in underpaid royalties.

Developing a useful price edit is challenging because, historically, crude oil prices fluctuate monthly and even daily, and can vary among regions across the United States. Many reasons account for this fluctuation, such as basic supply and demand economics, the quality of the oil, and the proximity to infrastructure such as pipelines and refineries. Over the past 5 years, for instance, prices have ranged from $54 to $98 per barrel for one major grade of oil (see Figure 2).

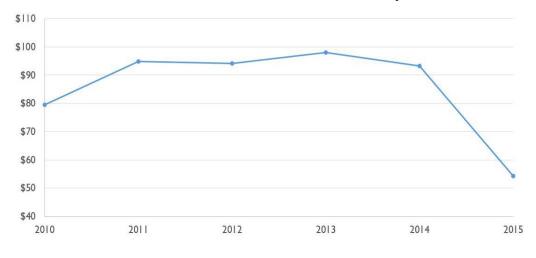## West Texas Intermediate Crude Oil Price per Barrel

Figure 2: This chart illustrates the changing prices of West Texas Intermediate crude oil over time, which is used as a pricing benchmark for other oil grades produced in the United States. Source: U.S. Energy Information Administration

Actual oil prices have consistently stayed within both the upper and lower ranges specified in ONRR's oil price edit by wide margins. ONRR, however, has the expertise and the necessary data to narrow the price edit to achieve better data accuracy and thus, result in an improved royalty compliance tool. An effective pricing edit could potentially yield significant results, as oil is the highest dollar energy commodity. In FY 2014, for instance, ONRR received $7.9 billion in oil revenues, approximately three times the combined revenues for natural gas and coal. Management acknowledged that the current edit needs refinement and has been working on an improvement that may include separate prices by region to increase the precision of the edit. ONRR has a current initiative to evaluate oil prices in the Gulf of Mexico. Lastly, the Government Accountability Office previously found similar deficiencies in ONRR's use of system edits and made recommendations to improve the data accuracy (Report No. GAO-09-549, dated July 2009).

Recommendation

We recommend that ONRR:

8. Continue efforts to refine the oil price edit within MRMSS.

Unleased Land Accounts and Communitization Agreements

A Communitization Agreement (CA) is a formal agreement combining multiple leases to comply with well spacing requirements. Prior to approving a CA, the Bureau of Land Management (BLM) may establish an Unleased Land Account to enable ONRR to create a revenue account for earned royalty payments. ONRR

cannot distribute revenue to the rightful owner without an approved lease or CA. BLM has responsibility for approving both documents, but is sometimes late in doing so, which prevents ONRR from distributing revenue even though sufficient data may be available to accurately compute the amounts. The "streamlined CA" (also referred to as a pre-CA) has been proposed as a potential solution and has been used at the Fort Berthold Reservation and in Utah. The Office of the Solicitor is evaluating the legality of this issue. In addition, ONRR stated the streamlined CA is especially important for horizontal drilling, which can involve multiple lessees. ONRR presently remits the revenues to the U.S. Treasury pending approval of leases and CAs.

Recommendation

We recommend that ONRR:

9. Work with BLM to use streamlined CAs where feasible.

Negative Estimate Accounts

During our audit, we found an internal control weakness within the Financial Services branch that increases the potential for abuse by payors. The MRMSS financial subsystem does not verify the running account balance before reversing an estimate when a payor submits adjustments, potentially creating a negative balance. At our request, ONRR ran a query for companies with negative estimate account balances as of April 2015. The result included 11 customers and a negative balance totaling $12,534, with one company having a negative balance of $9,469. The subsystem does not flag overpaid gas estimates for follow-up and ONRR has no policy addressing this issue and no established thresholds on overpaid amounts.

A payor that over-recoups a gas estimate creates a credit balance that ONRR must manage. Since ONRR is required to pay interest on all account balances, payors could actually earn interest on these credit balances. Further, customers could potentially apply this credit balance to payments due for their account causing an unnecessary financial burden on ONRR. ONRR accountants have no guidance to help manage this issue, and ONRR's mission is not to assume the role of banker.

Recommendation

We recommend that ONRR:

10. Refine the up-front system edit that prevents a payor from recouping more than its estimate balance.

Information Technology Issues

System Change Requests

ONRR is not effectively managing requested adjustments and modifications for MRMSS. During our review, ONRR provided a list of nearly 400 backlogged system change requests (SCRs), with some dating back to 2008. Management stated that some SCRs on the list had previously been resolved, but did not provide an accurate list of current SCRs.

In addition, we noted a discrepancy between the personnel using the software and those making changes to the software. The employees who actually use the system lacked confidence in the SCR process. One employee said it was easier to develop a work-around because they have deadlines to meet and cannot wait for an SCR to be resolved. Managers, however, stated that system users may not understand that funding may not be available and that some changes require time to address.

Organizations within the Department are required to develop, disseminate, review, and update formal configuration management policy and procedures on an annual basis, per the Department's Configuration Management Family Standards (version 1.2). These Standards also specify that the policy should address the "purpose, scope, roles, responsibilities, management commitment, coordination among organizational entities, and compliance." In addition, the procedures should "facilitate the implementation of the configuration management policy and associated configuration management controls."

Further, the configuration management plan should describe how to:

- move a change through the change management process;
- update configuration settings and configuration baselines;
- maintain the information system component inventory;
- control development, test, and operational environments; and
- develop, release, and update documents.

The MRMSS Configuration Management Plan, however, does not include any of the items required by departmental policy. The MRMSS Configuration Management Plan is primarily a combination of the system description used in other documentation, the baseline configuration of the system, and the network architecture. ONRR's System Security Plan for MRMSS states that change controls are documented in several locations, including the Minerals Revenue Management (MRM) Change Management Process, the contracting officer's representative manual (commonly known as the COROG Manual), and the MRMSS Configuration Management Plan. Storing configuration management processes and procedures in multiple unrelated documents, instead of consolidating them into one location, makes it difficult for staff to consistently follow a process.

The MRMSS Configuration Management Plan established an MRMSS Change Review Board, which has the authority to approve, reject, schedule, and reschedule all recommended system changes to MRMSS. The Plan also states that a chairperson should be responsible for facilitating the Board's weekly meetings, as well as for maintaining and updating the status of all requests in the MRMSS Change Management eRoom Database.

We found that ONRR has not designated an MRMSS change review manager. The change review manager should be responsible for holding regular meetings to discuss SCRs and for vetting the SCRs to determine if they are viable. At ONRR, meetings are held sporadically, not weekly or quarterly, and SCRs are not vetted to determine viability; an SCR remains on the list until implemented. In addition, the Configuration Management Plan is not updated annually because ONRR no longer has a change review manager. ONRR agreed that it needs to update its change management plan to be more robust.

ONRR generally concurred with our Notice of Potential Findings and Recommendations (NPFR) regarding SCR management, ONRR stated that it was engaged in a major upgrade to MRMSS. As such, ONRR said it dedicated its resources to the upgrade and not to the analysis and prioritization of SCRs, especially since many of the SCRs were addressed during the upgrade. Now that the upgrade is nearly complete, ONRR stated that resources are available to analyze and update the current inventory of SCRs.

Recommendations

We recommend that ONRR:

11. Develop an updated, comprehensive change management plan. This plan should address, at a minimum, those items required by departmental policy. In addition, it should include the requirements outlined in the Department's Configuration Management Family Standards (version 1.2);

12. Assign the role of change review manager to an individual who will be responsible for ensuring the SCR database is updated when items are prioritized or rejected. This role should also be tasked with analyzing the outstanding SCRs, closing those that are no longer relevant, and prioritizing those that still need to be worked;

13. Document meetings held to prioritize SCRs to maintain transparency in the process; and

14. Educate employees on the purpose and processes for SCRs.

Financial System Classification

During our audit, we learned that although MRMSS has a financial component that processes several billion dollars in revenue per year along with other non-financial functions, this system was not classified as a mixed system in the Department's Cyber Security Assessment Management (CSAM) database.

All bureaus are required to track their IT systems' inventory, security control selection, and control implementation status in CSAM. MRMSS is considered a "mixed system" per Office of Management and Budget (OMB) Circular A-127, Section 5 because it supports both financial and non-financial functions.[3]

By classifying a system as non-financial in CSAM, the required controls for financial systems may not be selected, implemented, and audited as required. Incorrect classification may also lead to underreporting IT systems that support financial functions within the Department.

In response to our NPFR, ONRR concurred with the finding and recommendation. ONRR stated that at the direction of the Office of the Chief Information Officer, it reviewed OMB Circular A-123, Appendix D (M-13-23) and designated MRMSS as a mixed financial system in CSAM on August 20, 2014. ONRR also provided assurance that all applicable controls over MRMSS were selected, implemented, and audited as required.

Recommendation

We recommend that ONRR:

15. Classify MRMSS as a mixed financial system in CSAM and ensure that any additional applicable controls are selected, implemented, and audited as required.

Policies and Procedures

We found that many policies and procedures involving royalty collection and distribution were incomplete and out of date. Specifically, guidebooks on ONRR's publicly accessible website contain obsolete references such as the former Minerals Management Service, an agency name not used since 2010, and references to information systems that were replaced in 2001. Both industry and the general public consult the website for guidance, thus current information is a necessity to avoid confusion or misleading instructions.

---

[3] OMB Circular A-127 prescribes policies and standards for executive departments and agencies to follow concerning their financial management systems.
http://www.whitehouse.gov/sites/default/files/omb/assets/agencyinformation_circulars_pdf/a127_attachment.pdf

Our interviews with employees also disclosed an absence of formal policies, procedures, processes, and guidance specific to job functions within Financial Management that impact royalty collection and disbursement. Several employees mentioned outdated policies and manuals were likewise available on internal ONRR information resources known as the Pipeline and e-rooms. Without formal guidance, employees develop their own checklists and notes based on personal experience, trial and error, on-the-job training, and information shared at staff meetings that discuss best practices.

This patchwork of unofficial employee-developed documents constitutes an internal control weakness that allows for inconsistencies in responsibilities and job performance, including the previously described payment matching and interest calculation issues. Management provided additional reasons for well-developed, job-specific procedures and guidance:

- Employee turnover results in a constant need for training. The Accounts Receivable and Billing teams lost 10 to 12 positions in a recent 18-month period.
- Newly hired employees may need 12 to 18 months to reach full competency.
- ONRR, like many agencies, has a large number of retirement eligible staff.

We obtained two training manuals addressing royalty overview, reporting methods, administrative procedures, and error correction. Both were still in draft, have not been updated since 2011, and included obsolete references. Moreover, tasks involving Indian tribes and individual Indian allottees are provided a higher level of care, but this becomes more difficult without formal procedures and guidance.

One new employee stated that a position-specific policy and procedure handbook was not provided. Rather, an "Orientation for New Hires" was given with general information. The employee also did not receive written procedures for making interest invoice adjustments in the MRMSS financial subsystem, but instead learned by observing a mentor.

The Data Mining Services branch conducts periodic training of its analysts and joint training with the Production Reporting and Verification Division. Data Mining Services is currently updating the procedural draft for its Volume Comparison teams, and anticipates the final version by August 2015.

Personnel in the Financial Services branch and the Reporting & Solid Mineral Services branch stated that policies and procedures were insufficient, and that comprehensive manuals would help. Currently, these employees rely on individual employee notes, on-the-job training, actual work experience, and mentors.

Recommendations

We recommend that ONRR:

16. Update existing policies, procedures, and handbooks, as appropriate; and

17. Establish job-specific standard operating procedures to ensure consistency.

Conclusion and Recommendations

Conclusion

ONRR's Financial Management division has been accomplishing its mission of collecting and distributing energy- and mineral-related revenue, but various inefficient practices and procedures hinder optimal efficiency and effectiveness. In some areas, the highly skilled workforce has produced innovative ideas to improve their work practices and overcome limitations in the information system. Nevertheless, weaknesses in payment matching, database updates, interest assessments, and other areas still persist. Implementing the 17 recommendations will help address the problem areas and enable ONRR to more efficiently utilize its resources.

Recommendations Summary

At ONRR's request, we met with ONRR management to discuss concerns about our draft report prior to finalizing its response. Based on those discussions, we revised certain report sections and recommendations as appropriate. ONRR then formally responded to our draft report, concurring with all recommendations (see Appendix 2). Based on its response, we consider all recommendations resolved but unimplemented (see Appendix 3). The following summarizes ONRR's response to the revised report and our comments on its response.

We recommend that ONRR:

1. Enforce the requirement for payors to provide critical payment information.

   ONRR Response: ONRR concurred with this recommendation, stating that it will enforce the relevant section of the Code of Federal Regulations. Target date for implementation is March 31, 2017.

   OIG Comment: Based on ONRR's response, we consider this recommendation resolved but not implemented.

2. Work with the contractor to update the system requirements to improve payment matching capabilities, including assessing the payment matching criteria ONRR employees developed for the Task Management Tool.

   ONRR Response: ONRR concurred with this recommendation, stating it will review the Task Management Tool criteria, consider any benefits, and implement changes if appropriate. Target date for implementation is March 31, 2017.

   OIG Comment: Based on ONRR's response, we consider this recommendation resolved but not implemented.

3. Assess system capabilities to allow for "post now" access to additional personnel.

   ONRR Response: ONRR concurred with this recommendation, stating it previously considered increasing the number of "post now" users in 2013. MRMSS capabilities limit users to just three at a time and expanding the number would require modification of the system. ONRR added that ongoing efforts to eliminate check payments will reduce the need for increased "post now" access. It will re-evaluate the need after verification of the expected efficiencies gained through the elimination of checks. Target date for implementation is November 30, 2016.

   OIG Comment: Based on ONRR's response, we consider this recommendation resolved but not implemented.

4. Update the system requirements to automate the process for calculating interest and thus minimize the amount of manual work.

   ONRR Response: ONRR concurred with this recommendation, stating it has been working on system improvements since 2008 that should facilitate interest calculations. Financial Management staff will receive instruction concerning the interest calculation steps and verification process. Target date for implementation is January 31, 2017.

   OIG Comment: Based on ONRR's response, we consider this recommendation resolved but not implemented.

5. Continue efforts to require payors to remit payments electronically.

   ONRR Response: ONRR concurred with this recommendation, stating progress has been made in encouraging industry to reduce its number of paper document submissions. ONRR will continue this effort, which will include civil penalty referrals and issuing Notices of Noncompliance in accordance with the Code of Federal Regulations. Target date for implementation is June 30, 2016.

   OIG Comment: Based on ONRR's response, we consider this recommendation resolved but not implemented.

6. Explore options to improve the accuracy of payor production and royalty reporting. This could include pursuing options to deter inadequate or erroneous reporting.

   ONRR Response: ONRR concurred with this recommendation, stating it is exploring options to improve the accuracy of reporting on an ongoing

basis, including the use of data mining. ONRR will develop a report outlining the process improvements and edits that have been made over the past 2 years. Target date for implementation is November 30, 2016.

OIG Comment: Based on ONRR's response, we consider this recommendation resolved but not implemented. Subsequent to receiving ONRR's response, we revised the recommendation and obtained ONRR's concurrence with the revision.

7. Discontinue the practice of sending "courtesy notices" to payors or issue these notices electronically.

    ONRR Response: ONRR concurred with this recommendation, stating it stopped printing courtesy notices for payors in August 2015 and sent a final notice to companies in December 2015. Target date for implementation is March 31, 2016.

    OIG Comment: Based on ONRR's response, we consider this recommendation resolved but not implemented.

8. Continue efforts to refine the oil price edit within MRMSS.

    ONRR Response: ONRR concurred with this recommendation, stating that although the current oil price edit successfully identifies large discrepancies, refinements are being made. An improved edit will be implemented in FY 2017 for offshore properties and ONRR will continue exploring refinements for an onshore property edit. Target date for implementation is June 30, 2017.

    OIG Comment: Based on ONRR's response, we consider this recommendation resolved but not implemented.

9. Work with BLM to use streamlined CAs where feasible.

    ONRR Response: ONRR concurred with this recommendation, stating it has worked with the Bureau of Land Management to streamline the CA process and detail the responsibilities of each agency as well as the Bureau of Indian Affairs. Target date for implementation is March 31, 2016.

    OIG Comment: Based on ONRR's response, we consider this recommendation resolved but not implemented.

10. Refine the up-front system edit that prevents a payor from recouping more than its estimate balance.

ONRR Response: ONRR concurred with this recommendation, stating that an existing edit prevents an over-recoupment of estimates, but will initiate a system change to refine the edit. In isolated situations, a negative estimate account balance may occur, but ONRR said this is monitored. Target date for implementation is December 31, 2016.

OIG Comment: Based on ONRR's response, we consider this recommendation resolved but not implemented.

11. Develop an updated, comprehensive change management plan. This plan should address, at a minimum, those items required by departmental policy. In addition, it should include the requirements outlined in the Department's Configuration Management Family Standards (version 1.2).

    ONRR Response: ONRR concurred with this recommendation, stating it will update the Change Management section of its MRMSS Configuration Management Plan to be in compliance with the Department's standards. Target date for implementation is June 30, 2016.

    OIG Comment: Based on ONRR's response, we consider this recommendation resolved but not implemented.

12. Assign the role of change review manager to an individual who will be responsible for ensuring the SCR database is updated when items are prioritized or rejected. This role should also be tasked with analyzing the outstanding SCRs, closing those that are no longer relevant, and prioritizing those that still need to be worked.

    ONRR Response: ONRR concurred with this recommendation, stating it will assign the role of change manager to a member of the MRMSS Support Team. The change manager will be responsible for updating the SCR database and will update the prioritization based on input from mission area managers, system team managers, and the contracting officer's representative team. Target date for implementation is December 31, 2016.

    OIG Comment: Based on ONRR's response, we consider this recommendation resolved but not implemented.

13. Document meetings held to prioritize SCRs to maintain transparency in the process.

    ONRR Response: ONRR concurred with this recommendation, stating the change manager will be responsible for taking meeting minutes when prioritization of SCR's occurs. ONRR will maintain the minutes in a common drive and communicate the location during new employee

training. ONRR will further communicate this information to employees through email and its intranet site. Target date for implementation is November 30, 2016.

OIG Comment: Based on ONRR's response, we consider this recommendation resolved but not implemented.

14. Educate employees on the purpose and processes for SCRs.

ONRR Response: ONRR concurred with this recommendation, stating it will incorporate the purpose and processes for SCRs into new employee training. In addition, ONRR will post updated SCR process information on its intranet, and will update the current SCR database with help text and information regarding the SCR process. Target date for implementation is June 30, 2016.

OIG Comment: Based on ONRR's response, we consider this recommendation resolved but not implemented.

15. Classify MRMSS as a mixed financial system in CSAM and ensure that any additional applicable controls are selected, implemented, and audited as required.

ONRR Response: ONRR concurred with this recommendation, stating it had already implemented this recommendation. Nevertheless, ONRR specified an implementation target date of March 31, 2016.

OIG Comment: Based on ONRR's response, we consider this recommendation resolved but not implemented.

16. Update existing policies, procedures, and handbooks, as appropriate.

ONRR Response: ONRR concurred with this recommendation, stating that the majority of procedures have been updated, but some require updating due to system and process changes. To maintain control over approved procedures, ONRR will include a transmittal memorandum that includes the authorizing manager's signature. Target date for implementation is March 31, 2016.

OIG Comment: Based on ONRR's response, we consider this recommendation resolved but not implemented.

17. Establish job-specific standard operating procedures to ensure consistency.

ONRR Response: ONRR concurred with this recommendation, stating it has implemented controls over all of Financial Management's critical

functions, including establishing standard operating procedures for job-specific functions. ONRR will develop procedures for those functions where procedures do not exist or are out of date, including interest invoice adjustments and payment matching. Further, ONRR will ensure all procedures are readily accessible and easily updated. Target date for implementation is June 30, 2018.

OIG Comment: Based on ONRR's response, we consider this recommendation resolved but not implemented.

Appendix 1: Scope and Methodology

Scope
Our audit focused on the Office of Natural Resources Revenue's (ONRR) Financial Management division, including the following branches: Accounting Services, Financial Services, and Reporting & Solid Mineral Services. The Data Mining Services branch was not included at the start of fieldwork, but we later determined it necessary to perform limited audit work on the branch.

Methodology
We conducted this review from June 2014 through July 2015. We analyzed budget, annual strategy, performance data, and other ONRR revenue collection and disbursement related information. We relied on ONRR's computer-generated data to conduct our audit, but our scope did not include verifying the data.

We also conducted 63 interviews with ONRR managers and staff, as well as other entities, to fully understand the revenue collection and disbursement activities, and the automated and manual procedures used. In addition, we observed activities performed by staff. We reviewed internal control documentation and processes for revenue collection and interviewed the auditors responsible for testing these controls. In addition, we reviewed documentation regarding ONRR's financial system, including the process for system change requests. Finally, we interviewed contractors and individuals regarding the financial systems used for collecting and disbursing revenues.

We visited or contacted the following offices within ONRR:

- Office of the Director;
- Audit and Oversight Program;
- Financial and Production Management, including:
  - Accounting Services;
  - Financial Services;
  - Reporting & Solid Mineral Services;
  - Data Mining Services;
  - Production Reporting; and
  - Production, Inspection, and Verification;
- Coordination, Enforcement, Valuation, and Appeals; and
- Information Management Center.

We also visited or contacted:
- U.S. Government Accountability Office;
- KPMG; and
- Accenture.

We conducted this audit in accordance with the Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusion based on audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix 2: Office of Natural Resources Revenue's Response

The Office of Natural Resources Revenue's response to our draft report follows on page 26.

United States Department of the Interior

OFFICE OF NATURAL RESOURCES REVENUE

Washington, DC 20240

FEB 2 6 2016

Memorandum

To: Assistant Inspector General for Audits, Inspections, and Evaluations
           Office of Inspector General

From: Gregory J. Gould
           Director

Subject: Response to the Office of Inspector General's Draft Audit Report – Financial
           Management Division, Office of Natural Resources Revenue (CR-IN-ONRR-0007-
           2014)

Thank you for the opportunity to review and comment on the Office of Inspector General's
(OIG) draft audit report of the Office of Natural Resources Revenue's (ONRR) Financial
Management (FM) Division. While the OIG found that, overall, ONRR's Financial
Management program is "accomplishing its mission of collecting and distributing revenue," the
draft report identifies "various inefficient practices and procedures that prevent FM from
functioning at the highest level" and contains 17 recommendations.

ONRR reviewed the draft audit report and we generally agree with the contents. We appreciate
the insight and recommendations to improve the efficiency of ONRR's FM program and do not
believe that any of the OIG's findings are material in nature. Attachment 1 provides a summary
of the actions taken and planned, along with target dates and the responsible official for each of
the 17 recommendations. ONRR has a knowledgeable and dedicated staff to ensure that we
implement the corrective actions, adhere to the Office of Management and Budget Circular A-
123 internal controls fully, and continue to receive a clean audit opinion during the annual
independent financial audit.

I want to make you aware that we anticipate work disruptions in the near future due to the
renovation of Building 85 and the temporary relocation of ONRR's FM program to another
building on the Denver Federal Center. While I do not believe that this will inhibit our
corrective actions, the move will create periods of work slow-down while we relocate
employees, computer equipment, and work files.

If you have any questions about this response, please contact Gwenna Zacchini, ONRR's Audit
Liaison Officer, at (303) 231-3513.

Attachment

**Agency Response to the Office of Inspector General's Audit of the Office of Natural
Resource Revenue's Financial Management Division (CR-IN-ONRR-0007-2014)**

The Office of Natural Resources Revenue (ONRR) has reviewed the draft audit report. We
generally agree with the contents of the report and appreciate the insight and recommendations to
improve the efficiency of our Financial Management (FM) program. This document provides a
summary of the actions ONRR has taken and plans to take, along with target dates and the
responsible official for each of the 17 recommendations.

The Office of Inspector General's (OIG) recommendations and ONRR's responses are
confirmation that we are committed to continuous improvement. ONRR welcomes outside
reviews to confirm our efforts in making improvements to our FM program and to out
Information Technology system. This is evident as we start to create our five-year Financial
Management business plan over the next year and a half. Our goal is to be the most efficient and
effective organization, both internal and external to the Department of the Interior.

OIG Recommendation 1: *Enforce the requirement for payors to provide critical payment
information.*
ONRR Response: Concur.
ONRR will enforce 30 CFR 1218.51(f) *How to prepare and what to include on your payment
document:* (1) Form-ONRR-2014 payments, you must include both your payor code and your
payor assigned documents and (2) For invoice payments you must include both your payor code
and invoice document identification. In those instances where payors do not submit the required
payment information, ONRR will use its existing authority to issue civil penalties to ensure
compliance and deter future violations.
Target Date: March 31, 2017
Responsible Official: Greg Gould, Director, Office of Natural Resources Revenue

OIG Recommendation 2: *Work with the contractor to update the system requirements to
improve payment matching capabilities, including assessing the payment matching criteria
ONRR employees developed for the Task Management Tool.*
ONRR Response: Concur.
ONRR will review the criteria in the Task Management Tool to determine if there are benefits to
incorporating any of its criteria into the current process. ONRR will weigh how critical the
matching of payments is to our recipients and to the integrity of our standard of matching
payments right the first time. ONRR will work with the contractor to implement any
requirements that are documented and agreed to by FM management.
Target Date: March 31, 2017
Responsible Official: Greg Gould, Director, Office of Natural Resources Revenue

OIG Recommendation 3: *Assess system capabilities to allow for "Post Now" access to
additional personnel.*
ONRR Response: Concur.

ONRR reviewed the option to increase the number of "Post Now" users during the Minerals Revenue Management Support System (MRMSS) upgrade in 2013. "Post Now" is one of several application server jobs and MRMSS has a limit of running three application server jobs at the same time. At this time, ONRR does not have adequate system application access or system capabilities to accommodate giving "Post Now" access to additional personnel. ONRR has taken steps to reduce payments by checks, and continues to take steps to reduce payments by checks further. This effort to eliminate payments by checks will reduce the situation that required the need for "Post Now" access significantly. ONRR will re-evaluate the need for "Post Now" after verification of the expected efficiencies gained through the elimination of checks.
Target Date: November 30, 2016
Responsible Official: Greg Gould, Director, Office of Natural Resources Revenue

OIG Recommendation 4: *Update the system requirements to automate the process for calculating interest and thus minimize the amount of manual work.*
ONRR Response: Concur.
In 2008, ONRR started the process of gathering and documenting requirements for interest calculation and a work area to make adjustments easier. At the time of this audit, ONRR had not fully implemented the change in how we calculate interest and the release of the interest workbench system tool. The calculation of interest is composed of three different parts. The first part, system-based exception processing, creates "pre-bills" or potential interest assessments based on lease-specific business rules. The second part is the accountant analysis, which is critical to ensuring the accurate application of the different rules and regulations governing interest calculations on each lease. This effort prevents downstream work during appeals or court cases, as well as inaccurate accounts receivables and accounts payables. The third part is the interest workbench system tool, which ONRR added to make adjustments more efficient than the alternative of doing a line-by-line within the PeopleSoft Financials. ONRR will communicate to FM staff the necessity of the interest calculation steps and verification process.
Target Date: January 31, 2017
Responsible Official: Greg Gould, Director, Office of Natural Resources Revenue

OIG Recommendation 5: *Continue efforts to require payors to remit payments electronically.*
ONRR Response: Concur.
With the implementation of Online Rental in January 2015, and the use of other pay.gov forms in June 2008, ONRR has made it cost effective and practical to receive all payments electronically. ONRR has reduced the submission of checks from 51,394 in fiscal year (FY) 2007 to 26,043 in FY 2014. Starting the first quarter of calendar year 2015, ONRR issued Notice of Potential Enforcement Action letters to the ten reporters who sent the most checks each quarter. Many of the reporters receiving these letters have asked for time to implement software and procedural changes to convert to electronic payment format. During FY 2015, the number of checks received each month has dropped 26 percent. ONRR intends to continue to follow up with check submitting reporters, including referring them to the Office of Enforcement for civil penalties. In January 2016, ONRR issued a Dear Reporter Letter that requires all payments to be submitted electronically. ONRR expects further reductions when this process results in payors receiving Notices of Noncompliance under 30 CFR 1241.
Target Date: June 30, 2016
Responsible Official: Greg Gould, Director, Office of Natural Resources Revenue

OIG Recommendation 6: *Explore options to improve the accuracy of payor production and royalty reporting. This could include pursuing options to incentivize payors to deter inadequate or erroneous reporting.*
ONRR Response: Concur.
ONRR explores options to improve the accuracy of reporting on an ongoing basis. We utilize Data Mining to identify pro-active methods for resolving reporting issues and for improving or developing upfront edits. ONRR will develop a report outlining the process improvements and new or revised edits that have been implemented as a result of these pro-active efforts over the past two years.
Target Date: November 30, 2016
Responsible Official: Greg Gould, Director, Office of Natural Resources Revenue

OIG Recommendation 7: *Discontinue the practice of sending "courtesy notices" to payors or issue these notices electronically.*
ONRR Response: Concur.
ONRR started the Online Rental project in 2008 to eliminate sending courtesy notices. We completed the tool portion of the project in January 2015 and sent out "Dear Reporter" letters in January and August 2015, which gave the companies ample time to change their internal processes to comply with payment regulations. In August 2015, ONRR stopped printing "courtesy notices." ONRR sent a final letter out at the end of December 2015 to complete the project.
Target Date: March 31, 2016
Responsible Official: Greg Gould, Director, Office of Natural Resources Revenue

OIG Recommendation 8: *Continue efforts to refine the oil price edit within MRMSS.*
ONRR Response: Concur.
The current pricing edit contains broad thresholds and efficiently identifies large discrepancies, as designed. ONRR has developed an offshore oil edit to be implemented in FY 2017. ONRR will continue to explore ways to refine edits where feasible for onshore oil.
Target Date: June 30, 2017
Responsible Official: Greg Gould, Director, Office of Natural Resources Revenue

OIG Recommendation 9: *Work with BLM to use streamlined communitization agreements where feasible.*
ONRR Response: Concur.
ONRR worked with the Bureau of Land Management (BLM) to create a process called a "Pre-CA" and on July 17, 2015, BLM issued Instruction Memorandum No. 2015-124, *Re-engineered Communitization Agreement Approval Process*, which streamlined the communitization agreements (CA) process and detailed the responsibilities of the BLM and the Bureau of Indian Affairs.
Target Date: March 31, 2016
Responsible Official: Greg Gould, Director, Office of Natural Resources Revenue

OIG Recommendation 10: *Refine the up-front system edit that prevents a payor from recouping more than its estimate balance.*
ONRR Response: Concur.

3

ONRR has an edit that prevents the over-recoupment of estimates. There are isolated and closely monitored situations that may result in a negative estimate account balance. In the event that a reporter attempts to submit a report that would result in a negative estimate balance and the reporter requests an override, ONRR ensures that the approval of the override request is fully documented and submitted for supervisory review and approval. ONRR will create an SCR to refine the existing edit.

Target Date: December 31, 2016
Responsible Official: Greg Gould, Director, Office of Natural Resources Revenue

OIG Recommendation 11: *Develop an updated, comprehensive change management plan. This plan should address, at a minimum, those items required by departmental policy. In addition, it should include the requirements outlined in the Department's Configuration Management Family Standards (version 1.2).*
ONRR Response: Concur.
ONRR will update the MRMSS Configuration Management Plan to include an update to the Change Management section during its annual Federal Information Security Management Act review. The updates will comply with the Department of the Interior's configuration Management Family Standards v. 1.2.
Target Date: June 30, 2016
Responsible Official: Greg Gould, Director, Office of Natural Resources Revenue

OIG Recommendation 12: *Assign the role of change review manager to an individual who will be responsible for ensuring the System Change Request (SCR) database is updated when items are prioritized or rejected. This role should also be tasked with analyzing the outstanding SCRs, closing those that are no longer relevant, and prioritizing those that still need to be worked.*
ONRR Response: Concur.
ONRR will assign the role of Change Manager to a member of the MRMSS Support Team. The Change Manager will be responsible for updating the SCR database and will update the prioritization based on input from mission area managers, system team managers, and the Contracting Officer's Representative team.
Target Date: December 31, 2016
Responsible Official: Greg Gould, Director, Office of Natural Resources Revenue

OIG Recommendation 13: *Document meetings held to prioritize SCRs to maintain transparency in the process.*
ONRR Response: Concur.
The Change Manager will be responsible for taking meeting minutes when prioritization of SCR's occurs. ONRR will place all results from the prioritization meetings in a common drive and communicate the location during the new employee training. Additionally, we will communicate this information to employees through email and the ONRR intranet site, ONRResource.
Target Date: November 30, 2016
Responsible Official: Greg Gould, Director, Office of Natural Resources Revenue

OIG Recommendation 14: *Educate employees on the purpose and processes for SCRs.*
ONRR Response: Concur.

ONRR will incorporate the purpose and processes for SCRs into new employee training. Additionally, ONRR will post updated information regarding the SCR process on the ONRR intranet site, ONRResource, and will update the current SCR database with help text and information regarding the SCR process.
Target Date: June 30, 2016
Responsible Official: Greg Gould, Director, Office of Natural Resources Revenue

OIG Recommendation 15: *Classify MRMSS as a mixed financial system in CSAM and ensure that any additional applicable controls are selected, implemented, and audited as required.*
ONRR Response: Concur.
ONRR implemented this recommendation in August of 2014.
Target Date: March 31, 2016
Responsible Official: Greg Gould, Director, Office of Natural Resources Revenue

OIG Recommendation 16: *Update existing policies, procedures, and handbooks, as appropriate.*
ONRR Response: Concur.
While the majority of the FM procedures have been updated, some procedures require updating due to system and process changes. ONRR has determined that to better identify procedures that are final and approved by management, ONRR will include a transmittal memorandum that will include the signature of the manager approving the final procedures. In FY 2015, ONRR updated and posted both *The Minerals Revenue Reporter Handbook*, dated May 1, 2015, and the *Solid Minerals Reporter Handbook*, dated September 1, 2015, to the ONRR.gov website.
Target Date: March 31, 2016
Responsible Official: Greg Gould, Director, Office of Natural Resources Revenue

OIG Recommendation 17: *Establish job-specific standard operating procedures to ensure consistency.*
ONRR Response: Concur.
In compliance with Office of Management and Budget Circular A-123, *Management's Responsibility for Internal Control*, ONRR has implemented controls over all of the FM critical functions, including establishing standard operating procedures for its job-specific functions. ONRR will develop procedures for those functions where procedures do not exist or are out of date, including interest invoice adjustments and payment matching. ONRR will maintain all procedures in a manner that will make them readily accessible and easily updated.
Target Date: June 30, 2018
Responsible Official: Greg Gould, Director, Office of Natural Resources Revenue

Appendix 3: Status of Recommendations

In response to our revised draft report, the Office of Natural Resources Revenue concurred with all 17 recommendations and stated that it was working to implement them. The response included target dates and an action official for each recommendation (see Appendix 2). Because the target dates for full implementation of the recommendations range from March 2016 until June 2018, we consider these recommendations resolved but not implemented.

Recommendations	Status	Action Required
1 - 17	Resolved but not implemented	We will refer these recommendations to the Assistant Secretary for Policy, Management and Budget to track their implementation.

Report Fraud, Waste, and Mismanagement

Fraud, waste, and mismanagement in Government concern everyone: Office of Inspector General staff, departmental employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to departmental or Insular Area programs and operations. You can report allegations to us in several ways.

By Internet:	www.doi.gov/oig/index.cfm	
By Phone:	24-Hour Toll Free:	800-424-5081
	Washington Metro Area:	202-208-5300
By Fax:	703-487-5402	
By Mail:	U.S. Department of the Interior	
	Office of Inspector General	
	Mail Stop 4428 MIB	
	1849 C Street, NW.	
	Washington, DC 20240	