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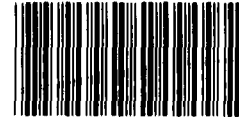
UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

RESOURCES, COMMUNITY,
AND ECONOMIC DEVELOPMENT
DIVISION

B-207703

December 9, 1982

The Honorable Robin West
Assistant Secretary, Policy,
Budget, and Administration
Department of the Interior



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Dear Mr. West:

Subject: Followup on GAO Recommendations at the
Department of the Interior (GAO/RCED-83-56)

On October 29, 1982, members of my staff met with Mr. Gabriel Paone of your staff and others to discuss problems we identified with Interior's followup on recommendations made in our reports. During that meeting we learned that your office is already working on improvements to Interior's procedures for resolving our recommendations. Your staff suggested that a letter summarizing our findings would be useful in that effort. We hope that you find our observations helpful in finalizing an audit followup system.

To determine what actions the Department of the Interior has taken regarding our recommendations, we interviewed representatives of your office and officials of the Department's Office of the Executive Secretariat, Office of Budget, Office of Inspector General, Bureau of Land Management, Bureau of Mines, Minerals Management Service, and U.S. Geological Survey.

We also examined 22 letters from the Interior Department responding to final reports issued by our former Energy and Minerals Division between January 1980 and May 1982. (Note: on October 1, 1982, this Division was merged with our former Community and Economic Development Division to form the present Resources, Community and Economic Development Division.) We evaluated these letters to determine their timing, content, and conformance with the requirements of Office of Management and Budget (OMB) Circular A-50. ^{1/} Finally, we reviewed the Department's trial tracking system procedures, manual, and internal correspondence on audit resolution.

^{1/}OMB Circular A-50 provides policies and instructions to executive agencies when responding to our reports. The recent Sept. 29, 1982, revision of the circular did not substantially change any administrative requirements relevant to this review.

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To summarize, we found that

- (1) The Department's accountability for our reports is split among three offices, and that this has occasionally caused followup problems.
- (2) Although audit followup has been generally emphasized in departmental memoranda, the lack of specific direction has caused each bureau or agency to develop different and, in some cases, ad hoc followup procedures for our reports.
- (3) The required responses to our final reports are usually late. They are not specific in terms of planned actions, and followup letters on the completed action are not sent.
- (4) Audit resolution efforts within the Department responding to Public Law 96-304 have not addressed our reports pending within the agency as of July 1980 as we believe they should.
- (5) Interior's trial tracking system for audit resolution for our reports does not call for submission of a report to OMB after completion of planned action. The system's allowance for followup on overdue actions precludes a timely response.

NO FOCAL POINT WITHIN INTERIOR
FOR GAO RECOMMENDATION FOLLOWUP

We found that responsibility for responding to our reports is split among three offices. The Office of Budget coordinates comments on our draft reports, the Office of the Executive Secretariat coordinates responses to our final recommendations, and your office is responsible for audit followup. This organizational divergence has made it difficult for Interior to coordinate its initial comments on our draft reports with its responses to final recommendations, and has caused followup problems. For example, cover letters agreeing with and responding to our final reports have been attached to comments which disagree with our findings because they were prepared by separate offices. Such responses have precipitated meetings with Interior staff to clarify the Department's position.

Furthermore, although audit followup has been generally emphasized in your memoranda, the lack of specific direction has caused each bureau or agency to develop different followup procedures to our reports. The Bureau of Mines, for example, has no formal procedures to ensure compliance with accepted recommendations, and monitors their implementation

only when specifically asked, while the Minerals Management Service is implementing an automated system that will track audit resolution plans for our reports.

THE DEPARTMENT'S SECTION 236 RESPONSES
ARE LATE AND NON-RESPONSIVE

Section 236 of the Legislative Reorganization Act of 1970 (84 Stat. 1171; 31 U.S.C. 720) seeks to ensure that agencies respond to GAO recommendations. The act requires agencies to submit, within 60 days after the date of the report, a written statement of the action taken on any recommendation we make to the heads of agencies, to the House Government Operations Committee and the Senate Committee on Governmental Affairs. OMB Circular A-50 further requires that when corrective action is incomplete, still under study, or planned, the agency will include a statement of when it expects action to be completed, and will report on corrective action after it is completed.

The Department has not satisfied these requirements for many of our reports. Seventeen of the 22 Section 236 responses we examined were dated more than 60 days after issuance of the report. On the average, these responses took 89 days. One, due in December 1981, and not included in the above average, was received in June 1982. The response for another report, due on August 2, 1982, is yet to be received.

Also, the Department has not provided additional information to OMB on actions taken as required by Circular A-50. Where the Department agreed with our recommendations, the letters did not identify specific actions envisioned nor estimate when their completion would occur. Although the Department agreed with at least some of the recommendations in 17 of the reports we examined, only one letter contained dates indicating when Interior planned to implement our recommendations. In addition, no reports have been sent by the Department to OMB describing corrective action on our recommendations. According to the Office of the Executive Secretariat, Interior has not prepared any responses beyond the 60-day letters required by Section 236.

PUBLIC LAW 96-304 AUDIT
RESOLUTION PROCEDURES
DID NOT INCLUDE GAO REPORTS

Section 305 of Public Law 96-304 (94 Stat. 928), the Supplemental Appropriations and Recission Act, 1980, requires that all unresolved audits (i.e., audit findings) pending within agencies at the time of its enactment (July 1980) be resolved not later than September 30, 1981. We believe that Public Law 96-304 applies to our audit findings as well as

those of the Inspectors General or other internal auditors. Section 305 requires agencies to resolve all audit findings within certain time periods, without any indication that it is limited to audits conducted by the agency concerned. The section was designed to help reduce fraud and waste in Federal programs on a Governmentwide basis, without regard to the specific source of an audit finding that concerns a questionable or fraudulent act, practice, or procedure involving an actual or potential loss of Government funds. However, the Department's response to OMB on audits that were resolved by September 30, 1981, the date established by section 305 for resolution of pending audits, only refers specifically to Inspector General audits.

CHANGES NEEDED IN THE DEPARTMENT'S
TRIAL TRACKING SYSTEM


OMB Circular A-73, revised November 27, 1979, requires that Federal agencies track all audits through resolution and implementation. 1/ Your Office of Information Resources Management initiated a trial system for tracking Inspector General audit reports in December 1981. A similar system for our reports was implemented on October 20, 1982.

The tracking system for our reports only tracks reports issued since the system was implemented. Further, while the system calls for your office to inform the program Assistant Secretary if corrective action is 90 days overdue, it is unlikely that an overdue date can be determined from the current 236 responses drafted by the Department since dates are not generally included for planned actions. The system's time allowances for followup on overdue actions may also delay a timely response to our recommendations. According to the tracking system's procedures, once a planned date for action is not met, over 5 months could elapse before it is identified, and a satisfactory explanation provided.

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We hope that our work in this area is of assistance to you, as you evaluate your Department's audit followup procedures.

Sincerely yours,



F. Kevin Boland
Senior Associate Director

1/These requirements have been incorporated into the recently revised OMB Circular A-50.