



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

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Memorandum

To: David Bernhardt
Deputy Secretary

From: Mary L. Kendall
Deputy Inspector General

Subject: Strengthening Controls in Grants, Contracts and Cooperative Agreements

The Office of Inspector General (OIG) conducted many audits and investigations in which we found weak or non-existent controls and policies governing financial assistance agreements executed by the Department of the Interior. While each audit or investigation addressed these conditions individually, the systemic nature of these deficiencies has not been reported at an organizational level.

We believe that it is both timely and prudent that the Department implement policies and procedures to clarify the terms of financial assistance instruments, strengthen the requirements for accountability and transparency, and make very clear the consequences for failure to abide by these conditions, to include the possibility of suspension and debarment proceedings, imposition of compliance and ethics agreements in lieu of those proceedings, withholding of funds, and even criminal prosecution.

Including specific provisions of ethics requirements such as gift and travel acceptance; ethics prohibitions such as use of official position or post-employment restrictions; fundraising and donation limitations; and conflict of interest assertions explicitly in financial assistance agreements may not thwart those intent on violating such provisions but will highlight and give clear notice of the obligations for those who are either ignorant of or may violate them inadvertently.

We believe our work over the past few years supports this action and, if implemented, will help reduce misconduct, fraud, waste, and mismanagement within the Department of the Interior.

A few recent examples supporting this suggestion include:

- National Park Service officials have accepted gifts (nearly \$15,000 worth in one instance) from the board members of a nonprofit organization receiving benefits from the park and subsequently accepted a position with the organization (the organization's officials said they did not know giving gifts to the official was inappropriate); conducted fundraising for an associated nonprofit friends group using

official time and property, and then used raised funds for non-approved park projects; accepted trips and gifts, and had unfettered access to funds from a park's foundation, but failed to report the trips and gifts (few internal controls were exercised over the foundation's funds.)

- U.S. Geological Survey and Fish and Wildlife officials with grants/contracts/cooperative agreement management responsibilities allowed financial assistance agreements to be awarded to family members without disclosing their conflicts of interest. The recipients also failed to disclose their conflicts of interest.
- Recipients of cooperative agreements have refused to sign agreements that included more stringent oversight and transparency provisions, insisting that such provisions be renegotiated.

As we have done recently with the Office of Insular Affairs, the OIG would be happy to discuss specific provisions that might be included in financial assistance agreements with the Office of the Solicitor or the Bureaus, if this is a practice the Department chooses to adopt.