ETHICS : A TEAM SPORT

PUBLIC CORRUPTION: A PERSONAL CHOICE
PRESENTATION AGENDA

• Discuss the Office of Inspector General (OIG) authority and mission

• Discuss OIG organization and processes

• Discuss the impact of ethical issues – Public Corruption on the Department
U.S. DEPARTMENT OF THE INTERIOR

• Responsible for managing America’s natural and cultural resources

• 8 main bureaus and offices with diverse missions
DOI BUREAUS

Bureau of Indian Affairs
WHO WE ARE

• Organization of less than 300 employees conducting independent oversight of a 70,000-employee federal government agency

• Our mission is to detect and prevent fraud, waste, and mismanagement within the Department of the Interior
IG ACT OF 1978 (PL 95-452)

• To conduct and supervise audits and investigations relating to programs and operations of the Department of the Interior

• To prevent and detect fraud and abuse in programs and operations
Access to **ALL** records (documents, papers, reviews, reports, etc.) that relate to programs and operations.

- Administrative Subpoena authority to compel production of documentary evidence. *Enforceable by federal court.*
OIG MISSION

• Conduct investigations that may result in criminal, civil, or administrative remediation.

• Educate employees regarding risk mitigation rationale and procedures.

• Proactively identify vulnerable departmental areas to combat fraud, waste, and abuse.
OIG MISSION

• Promote Excellence, integrity and accountability in the programs, operations, and management

• Promote the highest standards of integrity, impartiality and professionalism

• Promote effective coordination & improved management practices among Department components
OIG ORGANIZATION

- Office of Investigations
- Office of Audits, Inspections and Evaluations
- Recovery Oversight Office
AUDITS

• Measure DOI programs and operations against best practices and objective criteria to determine efficiency and effectiveness.

• Evaluate revenues and expenditures of the Insular Area Governments; and DOI funds provided under the Compact of Free Association between the US and the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau.
AUDITS

• Examine DOI financial statements to determine if they are presented fairly and in accordance with accounting principles.
• Audit DOI grants and contracts awarded to State, local, tribal, and Insular Area governments; for-profit and non-profit organizations; and educational institutions.
RECOVERY OVERSIGHT

• Ensures accountability of funds received under the American Recovery and Reinvestment Act (ARRA) of 2009. ROO takes a three-pronged approach of prevention, detection, and reporting.
INVESTIGATIONS

• Examine allegations of fraud, waste, abuse, or mismanagement resulting in significant financial loss to DOI;
• Conduct criminal and civil investigations
• Review employee misconduct;
• Scrutinize allegations involving contractors, grantees, or other entities doing business with and receiving funds from DOI;
OBSTACLES ALONG THE WAY

Deepwater Horizon Explosion
OUTSIDE INVESTIGATIVE ENTITIES

- Congress
- USCG-MMS Joint Investigative Team
- Oil Spill Commission
- State Attorneys General
OUTER CONTINENTAL SHELF REVIEW

- Joint Investigative/Audit Review
- In three months conducted:
  - Interview of 150 individuals
  - Review of 2,000 documents
  - Online survey of 400 employees
- Resulting in 64 recommendations
PUBLIC CORRUPTION

ABUSE OF PUBLIC OFFICE FOR PRIVATE GAIN, IN VIOLATION OF CRIMINAL LAW.
PUBLIC CORRUPTION

COMMON AREAS:

• ENFORCE OR ENACT LAWS
• AWARD CONTRACTS
• AWARD of GRANTS-FINANCIAL ASSISTANCE
• REGULATORY OVERSIGHT
DOI AND ETHICS

• TEAPOT DOME
  - DOI SECRETARY ALBERT FALL
  - FIRST SITTING CABINET MEMBER INCARCERATED
IMPACT OF ETHICS

1. Pressure to maintain numbers
2. Fear and Silence
3. Weak Supervision/Internal Controls
4. Conflicts
5. Innovation
6. Goodness atones for evil

* The Seven Signs of Ethical Collapse (Marriane M. Jennings, J.D.)
IMPACT OF ETHICS

1. Pressure to maintain numbers
   - Deadlines
   - Revenue
   - Budgets
   - Personal Goals
   - Rankings/Ratings
   - Loss of ______________

*The Seven Signs of Ethical Collapse (Marriane M. Jennings, J.D.)*
IMPACT OF ETHICS

2. Fear and Silence

- There is never a problem with employees missing the ethical issues

- There is always a problem getting them to speak up

*The Seven Signs of Ethical Collapse (Marriane M. Jennings, J.D.)*
IMPACT OF ETHICS

3. Weak Supervision/Internal Controls

- Lack of experience

- Poor example

*The Seven Signs of Ethical Collapse (Marriane M. Jennings, J.D.)
IMPACT OF ETHICS

4. Conflicts

- Nearly all of the missteps by government agencies begin with conflicts issues

- Two ways to manage a conflict

  Don’t
  Report
IMPACT OF ETHICS

5. Innovation

- Rules are for the others

- The end justifies the means

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IMPACT OF ETHICS

6. Goodness atones for evil
   - Terrific citizens
   - Philanthropic
   - Diverse
   - Environmentally conscientious
   - Culture of volunteerism

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RECENT CASES

FORMER DEPUTY SECRETARY

- Former Lobbyist
- Extraordinary Payments
- Screening Process
- Abramoff Connection
18 USC 207

- Former Deputy Associate Director of MMS
- Drafted key solicitation language
- Sat on technical evaluation panel
- Bid won by friend-former MMS colleague
- Appointed as COTR
- Retires from MMS and gets hired by...
- Engages in regular contacts with MMS to influence contract
• Former Special Assistant to the Associate Director of MRM
• Discussed with boss ways to consult from outside, post retirement
• Created company upon his retirement
• While at work created a “statement of work” for the bid evaluation for his new consultancy
18 USC 208

• Solicitation by MRM
• SOW he created was used in the request for the proposal and evaluation
• Was selected and only bidder to be graded excellent
• Contract was awarded by former boss who mislead key MRM/MMS staff as to this solicitation
ALLEGATION

• Company altered valves on oil wells located in Utah. June 2007 (Tribal Leases)
• Overflow valve
• Joint Investigation
  – OIG/BLM OLES
• BLM Assistance
  – Extensive effort
  – Data retrieval issues
BLM onshore case

THE RESULTS

• Valves intentionally altered
• Misreporting – well/lease
• Off-lease measurement
• Federal oversight
• Potential audit issues

INSPECTIONS

[Image of a person inspecting a valve]
BLM onshore case

FEDERAL OVERSIGHT

- Multiple laws
- Authority and responsibility
- Regulations
- Individual approval, inspection, collection
- Complexity
BLM onshore case

**FEDERAL OVERSIGHT**

- BIA – approves leases
- BLM – production and inspection
- MMS – royalty reporting receives funds
- OST – distributes funds to tribes
- Coordination and communication issues

**TANK BATTERY**

Run Tickets
BLM onshore case

BLM INSPECTIONS

• 25 BLM PETs
• Inspected all 346 wells
• 154 missing internal ball
• BLM observed and documented all repairs

ALTERED VALVE

No Ball

Ball
RECENT CASES

GEORGE WRIGHT SOCIETY

• 6 of 11 board members NPS employees
• Cooperative agreement modified 17x ($35K to $800K)
RECENT CASES

NLCS

- Managers provided proprietary information to NGOs
- Managers asked NGOs to lobby
RECENT CASES

- BLM manager accepted gifts from oil companies
- Solicited favors for sons baseball team
- Travel fraud
RECENT CASES

- BLM geologist set up outside business
- Was COTR for contract his former employer won a bid
- Engaged in undisclosed outside work during work hours
- Falsified ethics form (450)
TRENDS

• IGNORANCE
  - INTENTIONAL?
• RELATIONSHIP WITH NGO’S
• PRIVATE BOARD MEMBERSHIP
• POST EMPLOYMENT VIOLATIONS
REPORTING FRAUD

- Web: http://www.doioig.gov/hotline

- Mail: U.S. Department of the Interior
  Office of Inspector General
  Attn: Fraud Hotline
  1849 C Street NW - Mail Stop 4428
  Washington, D.C. 20240

- Phone Hotline: Toll Free 1-800-424-5081
  (in Washington DC area: 202-208-5300)