

Why GAO Did This Study

The Foundation was established as an executive branch agency to provide educational opportunities related to environmental policy and Native American health care and tribal policy, and also to assist in resolving environmental disputes that involve federal agencies. In December 2012, a DOI OIG audit of the Foundation identified significant issues primarily related to the Foundation's failure to appropriately monitor and assess the effectiveness of its internal controls as required by FMFIA and the absence of key internal controls over its personnel and contracting practices. GAO was asked to review whether the Foundation has sufficient internal controls to ensure that it is complying with applicable laws and regulations regarding financial management and contracting. The objective of this report is to describe the Foundation's actions to improve its internal control assessment process and its controls over personnel and contracting, and determine the extent to which the design of the Foundation's actions that have been sufficiently documented is consistent with internal control standards and applicable laws and regulations.

To address this objective, GAO reviewed relevant documents, interviewed Foundation management, and assessed the Foundation's actions against relevant standards and guidance.

In commenting on a draft of this report, the Foundation accepted GAO's results in full. The Foundation also provided a summary of the changes it has made in its operations and structure since the DOI OIG report.

View [GAO-14-95](#). For more information, contact J. Lawrence Malenich at (202) 512-9399 or malenichj@gao.gov.

INTERNAL CONTROLS

Corrective Actions Under Way to Address Control Deficiencies at the Morris K. Udall and Stewart L. Udall Foundation

What GAO Found

Officials at the Morris K. Udall and Stewart L. Udall Foundation (Foundation) developed a Corrective Action Plan to address the findings in the Department of the Interior (DOI) Office of Inspector General's (OIG) December 2012 audit report. The Corrective Action Plan included steps to address deficiencies in the Foundation's (1) internal control monitoring and assessment process, (2) internal control related to personnel issues, and (3) internal control related to contracting. For those actions that were sufficiently documented at the time of its review, GAO found that their design was consistent with internal control standards and applicable laws and regulations.

To address identified deficiencies in its internal control monitoring and assessment processes under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers' Financial Integrity Act (FMFIA), and implementing guidance, the Foundation contracted with an external consultant to perform an internal control review with an overall goal of achieving compliance with the Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Internal Control and Standards for Internal Control in the Federal Government*. GAO determined that the design of this action to contract for the performance of a thorough internal control review is consistent with internal control standards related to monitoring operations and internal controls and with FMFIA requirements to monitor and assess the effectiveness of internal controls.

To address deficiencies in its internal control related to personnel issues, the Foundation developed policies and procedures to address specific DOI OIG findings in the areas of outside employment and termination of employees. The procedures were still in draft form, and it was too soon for GAO to assess the design of the changes.

To address the DOI OIG's findings related to its contracting practices, the Foundation entered into a 5-year interagency agreement with the DOI Interior Business Center (IBC), under which IBC agreed to assist the Foundation on contracts related to the Foundation's environmental conflict resolution activities, including mediation, facilitation, and assessment services. GAO determined that the design of this action is consistent with internal control standards and applicable guidance for federal executive agencies. For example, the Foundation's interagency agreement with IBC for managing environmental conflict resolution contracts is generally consistent with OMB's Office of Federal Procurement Policy guidance on management and use of interagency acquisitions. For other contracts, the Foundation planned to issue a policy and guidance on internal contracting processes, but it was not finalized at the time of GAO's review.