In summary, the Government discloses the majority of data required for mainstreaming on the USEITI Data Portal. Disclosures by IRS provide information on taxes at an aggregate industry level but not by company. Opportunities for the government to increase and embed disclosures include the expansion of the revenue streams disclosed, including the coal excise tax, and the commodities in-scope.

How does the extractives industry increase and embed disclosures?

Currently, industry reporting of EITI-related data is voluntary. A number of companies voluntarily report data or report data according to European regulations.

- **Oil & Gas**: Five major oil and gas companies report detailed government payments information in the United States outside of USEITI. They are BP, ENI, Shell, Statoil, and Total. None of these reports include tax information.
  - BP reports according to British regulations (UK's Report on Payments to Governments Regulations 2011 (as amended in December 2015)) and reports payments to governments at the project level. Their payments are unaudited but independently assured by Ernst and Young.
  - ENI voluntarily reports payments to government on a national level. Their report contains additional contextual information. It is unaudited.
  - Shell voluntarily reported payments to governments prior to the implementation of British regulations and now reports according to those regulations. It reports all payments to governments at the project level. This report is unaudited.
  - Statoil reports payments to government according to Norwegian law, at the project and government levels. It also includes contextual information in their annual report. Their report is unaudited.
  - Total reports according to French law and reports all payments to governments, including at the city and the county level. Their report is not audited.

- **Coal & Hardrock**: BHP Billiton and Rio Tinto are two major coal and hardrock companies that voluntarily report detailed government payments information in the United States.
  - BHP Billiton reports government payments (both tax and non-tax) as well as contextual information and data on broader economic contributions such as? Their non-tax data includes payments to governments and on a project level. Their report is audited by an independent auditor according to Australian Auditing Standards.
  - Rio Tinto reports payments to governments (both tax and non-tax) and publishes an annual Taxes Paid report. Payments are reported on a government and project level. The report includes economic contribution data and contextual information, including case studies. The report is independently audited.
These reports suggest best practices for encouraging further disclosure of payments by private companies.

[THIS SECTION TO BE UPDATED TO INCLUDE ADDITIONAL VOLUNTARY DISCLOSURES MADE BY COMPANIES AS PART OF SEC FILINGS, UNDER EU DIRECTIVE 10 AND AS PART OF USEITI]

Evaluating Data Quality

The requirements for mainstreaming include determining whether data from both government and industry sources is up to date, comprehensive, and reliable outside of the EITI reporting structures. The U.S. performs strongly on data quality and provides up to date, comprehensive, and reliable data as required by the International Standard.

Up to Date Data

EITI requires information be reported on an annual basis. Where the government and industry currently report, data is disclosed on an annual basis in the U.S. In addition, ONRR unilaterally discloses company payments on an annual basis through the USEITI Data Portal.

Comprehensive Data

This section will discuss data comprehensiveness including:

- Comprehensiveness of disclosure through the UDR – The government’s unilateral disclosure of revenues received covers all in-scope, non-tax payments received by the government, including for companies not in scope of USEITI.
- Comprehensiveness of tax disclosures
- Brief discussion of emerging requirements and potential for mainstreamed implementation – e.g., beneficial ownership, project level

Reliable Data

Extractive industries companies and the U.S. government are subject to laws and regulations that guide the process for receiving payments and for companies making payments to the government. The processes for how payments and revenues are recorded and verified in the extractive industries in the United States are detailed in USEITI’s Audit and Assurance Practices and Controls in the U.S. Factsheet available here: https://useiti.doi.gov/downloads/USEITI_budget-audit-factsheet_2016-08-17.pdf.

Companies and government agencies in the United States are bound by standards that govern the ecosystem of payments in the extractive industry. Professional associations and government agencies create and update standards that are used by internal and external...
Reconciliation and Mainstreaming

Once a country is approved for mainstreaming, it is no longer required to undergo the reconciliation process. If EITI data is comprehensive and reliable and financial data is “audited in accordance with international standards, the procedure does not require a comprehensive reconciliation of government revenues and company payments.” This section details the processes for reconciliation, assurance, and audit that are already in place at ONRR and other US Government agencies. There are generally four levels of mainstreamed controls:

- Upfront Reconciliation of Transaction Data Between DOI, Treasury and Companies
- Internal Audit and other Assurance Processes within DOI
- External Audit of DOI
- Other Ad-hoc Oversight from the Office of Inspector General, Congress, and other Bodies

Important to note as part of the pre-reconciliation process integral to ONRR’s function of receiving and processing company reporting and payments and ONRR conducts 100% upfront reconciliation.

This report covers CY2015 Rents, Royalties, and Bonuses, which together constitute 95% of DOI revenue streams, as Corporate Income Taxes. See table below for detail.

<table>
<thead>
<tr>
<th>Revenue Stream</th>
<th>% of DOI Revenues</th>
<th>Up-Front Reconciliation</th>
<th>Internal Controls</th>
<th>External Audits</th>
<th>Ad-Hoc Oversight</th>
</tr>
</thead>
<tbody>
<tr>
<td>ONRR Royalties</td>
<td>78.2%</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>ONRR &amp; BLM Bonuses</td>
<td>14.6%</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>ONRR &amp; BLM Rents</td>
<td>3.1%</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>OSMRE AML Fees</td>
<td>2.5%</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>BLM Permit Fees</td>
<td>1.3%</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>ONRR Offshore Inspection Fees</td>
<td>0.7%</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>ONRR Other Revenue</td>
<td>0.4% (Negative Amount)</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>ONRR Civil Penalties</td>
<td>0.1%</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>OSMRE Civil Penalties</td>
<td>0.03%</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Corporate Income</td>
<td>N/A</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>
Taxes

Note: % totals are higher than 100% due to rounding and the fact that ONRR Other Revenue was negative.

[Insert table showing USEITI Revenue Streams, % of Total Revenue, and coverage in this report. A recommends we document processes for Rents, Royalties and Bonuses, and Corporate Income Tax as part of first wave. Other Revenue Streams can be added as needed.]

Upfront Reconciliation Process
ONRR's mission is to collect, account for, and verify Federal, State, and Indian energy and other natural resource revenues due to States, American Indians, and the U.S. Treasury on behalf of all Americans. Each month, ONRR receives and processes 49,000 royalty and production reports. To ensure that ONRR collects the proper revenues, it performs automated processes coordinating payments and reporting with industry and the U.S. Government, and may perform further controls such as audits to ensure proper payments.

[AWAITING ADDITIONAL INFORMATION ON PRE-RECONCILIATION PROCESS FROM DOI/ONRR]

Figure 1. Verification of Payments by ONRR

Verification of Payments
To help ensure ONRR collects the proper revenues on Federal lands, ONRR performs automated processing of royalty (Form 2044) and production reports (OSGR), coordinating reporting and payment matters with industry, State Governments, American Indian Tribes, and other Federal agencies.

U.S. Treasury, Single Source Cash Flow
The US Treasury and Federal Reserve System (Treasury) serve as the sole provider of financial services for all US federal agencies including ONRR. Treasury maintains a centralized system of accounts for ONRR. The core tenet of this centralized system of accounts is that no single federal agency controls the receipt and payment of public funds. All federal agencies that handle government financial transactions must properly perform their function to support internal government control and the system of central accounts. Treasury performs variance analysis and various other reconciliations on transactions and balances contained within its systems. Treasury contacts ONRR with any questions they may have and can request ONRR justify or make changes. Interior’s External Auditor also samples deposit and disbursement data.
from all Treasury systems and traces that data back to originating lease documents with ONRR's systems or other agency accounting advice. To accomplish these ends, there are several primary systems maintained by Treasury that ONRR utilizes for cash flows. The primary systems ONRR uses to manage cash flows are the Collections Information Repository (CIR) for revenue collections, Intra-governmental Payments and Collections System (IPAC), Secure Payment System (SPS) for disbursements and the Central Accounting Reporting System (CARS) for Treasury fund reconciliation.

ONRR receives the majority of its oil and gas collections through the Collections Information Repository (CIR). CIR serves as a transaction broker, data warehouse, and reporting solution that provides a single touch-point to exchange all financial transaction information for settled transactions across all collections systems. This enables the US Government to normalize financial transaction reporting and standardize the availability of financial information across all settlement mechanisms and collections systems. CIR greatly improves the way ONRR collects, analyzes, and redistributes financial transaction information, which in turn eliminates redundancies and disconnects across and between the numerous point-to-point connections.

The system is self-contained with various related external system interfaces. CIR provides ONRR with collection related to payments from the public sent via Fedwire, Pay.gov, ACH, and check. All payment method transaction information submitted to ONRR is summarized daily into vouchers by CIR. CIR does not allow ONRR to create or alter deposit information.

Whereas ONRR uses CIR for collections from the public, Intra-governmental Payments and Collections System (IPAC) is used for oil and gas revenues collected by other federal agencies and transferred to ONRR via IPAC. ONRR also uses IPAC to disburse revenue to other federal agencies in accordance with applicable statutes. The IPAC system's primary purpose is to provide a standardized interagency fund transfer mechanism for Federal Program Agencies (FPAs). IPAC facilitates the intragovernmental transfer of funds, with descriptive data from one FPA to another. The IPAC System enables FPAs to exchange accounting and other pertinent information to assist in the reconciliation of funds transferred between FPAs for various interagency transaction types (buy/sell, fiduciary, and other miscellaneous payment and collection transactions). A Sender and Receiver TAS/BETC are validated in the Shared Accounting Module (SAM) and transmitted to the Central Accounting Reporting System (CARS) Account Statements at the time of IPAC origination. IPAC standardizes interagency payment, collection, and adjustment procedures through an internet-based application.

Conversely, the Secure Payment System (SPS) is an application that allows government agencies to create payment schedules in a secure fashion; with strictly enforced separation of duties. Access to SPS is rigidly controlled by both Treasury and ONRR. SPS is ONRR's only avenue to disburse revenue from Treasury to state or local governments and to refund overpayments back to oil and gas companies.

Commented [MJL38]: Why are we not specifying what IPAC is used for here as we are for the other systems? Maybe add "for intragovernmental transfers."

Commented [KR39]: All these acronyms are created again below, and CARS twice, only need to do once.

Commented [KR40]: And geothermal and solid minerals, etc.

Commented [KR41]: Collections?

Commented [KR42]: What does this stand for?

Commented [MJL43]: No need to create an acronym if we aren’t going to use this term again, but it may require further explanation of the Shared Accounting Module since this is the only place it is mentioned.

Commented [MJL44]: To what?

Commented [KR45]: Refunds for any company reporting on any mineral, not just oil and gas.
Lastly, ONRR uses the Central Accounting Reporting System (CARS) to report and reconcile all collections and disbursements activity. CARS is a one-stop access point to:

- provide and retrieve data and information from Treasury
- capture and record Treasury Account Symbol (TAS) information for payments deposits, and intra-governmental transactions
- provides an account statement of the fund balance with Treasury
- allows access to transaction detail to support research and reconciliation
- improves the usability and currency of government-wide financial information
- minimizes data redundancy and enhances data sharing between Treasury’s central accounting system, financial service provider systems, and agency core financial systems

ONRR uses reconcile the CARS fund balance with Treasury to ONRR’s accounting system and via reclassification of collection and disbursement transactions to the proper fund within Treasury. This reconciliation process is performed in the first three business days of each month. Any statements of difference between Treasury and ONRR are not permitted. All discrepancies and out of balances found must be corrected during the current accounting period, or a restatement is required for closed periods. CARS does not allow ONRR to create or delete transactions from the system.

DOI’s Internal Controls & Processes

Standards, controls, and audits play an integral role in data validation in the U.S. Some standards relate to controls, while others subject data to additional management—primarily via independent audits. Controls are the first step to ensure data validation, and are particularly important for companies as most data is not publically available even once validated and reported to the Government. These controls help companies report correct data on the first attempt, as companies are subject to penalties if found incorrectly calculating or reporting payments. Audits are designed to ensure that the appropriate controls are in place at both companies and government agencies. They are also intended to validate that the proper payments occur. Internal and external auditors work in concert with companies and the IRS to make sure that payment data is correct.

Internal Controls

[AWAITING INFORMATION FROM DOI/ONRR]

Audit & Compliance Management Function

[AWAITING INFORMATION FROM DOI/ONRR]
Third Party Audit Procedures

[LANGUAGE AND INFO COMING FROM RIWG AND OIG AT DOI ONCE CONTRACT DISPUTE IS RESOLVED]

Ad-hoc Oversight

[AWAITING INFORMATION FROM DOI/ONRR]

[Include information on Congressional and OIG processes for oversight in the U.S.]

Recommendation on Mainstreaming

Based on available evidence, the <<Insert Group Name>> recommends/does not recommend that USEITI pursues mainstreaming by ordering a formal feasibility study from the independent administrator. There are X key reasons for this recommendation.

1. Insert rationale for recommendation here.
2. Insert rationale for recommendation here.
3. Insert rationale for recommendation here.

Commented [KMO49]: I am not sure we will get this information timely. The IA should probably court on not receiving this info in time for this particular deliverable.
Appendix – Stakeholder Interview Notes

Interviewees

The IA interviewed 9 MSG members and alternates from each of the three sectors.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Name</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Society</td>
<td>Danielle Brian</td>
<td>Project on Government Oversight</td>
</tr>
<tr>
<td>Civil Society</td>
<td>Keith Romig, Jr.</td>
<td>United Steelworkers</td>
</tr>
<tr>
<td>Industry</td>
<td>Veronika Kohler</td>
<td>National Mining Association</td>
</tr>
<tr>
<td>Industry</td>
<td>Phil Denning</td>
<td>Shell Oil Company</td>
</tr>
<tr>
<td>Industry</td>
<td>Aaron Padilla</td>
<td>American Petroleum Institute</td>
</tr>
<tr>
<td>Government</td>
<td>Greg Gould</td>
<td>Department of the Interior</td>
</tr>
<tr>
<td>Government</td>
<td>Curtis Carlson</td>
<td>Department of the Treasury</td>
</tr>
<tr>
<td>Government</td>
<td>Mike Matthews</td>
<td>State of Wyoming – Department of Audit</td>
</tr>
<tr>
<td>Government</td>
<td>Jim Steward</td>
<td>Department of the Interior</td>
</tr>
</tbody>
</table>

Responses

The interviews covered the individuals’ goals for USEITI, the U.S. track record of reconciliation, and evaluating the data quality of USEITI as they related to mainstreaming. Key takeaways on those subjects are included below. They are organized by sector.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Sector</th>
<th>Takeaway</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goals for USEITI</td>
<td>CSO</td>
<td>CSO representatives spoke of a range of goals for USEITI, including: consolidating already available public data in an easily accessible place, creating a meaningful contextual narrative, revealing new information that had not previously been publicly available, and representing specific constituents.</td>
</tr>
</tbody>
</table>
CSO split on the fit of reconciliation into their goals. A view was expressed that reconciliation was inherently comparing company data to company data (i.e., government data was just company data provided to the government by the company). Another viewed reporting and reconciliation as a positive with the exception of tax reporting and reconciliation.

Neither saw mainstreaming specifically fitting into their goals for USEITI.

Government expressed a range of goals, including: educating the public, participating and leading on an international stage, creating something useful for public and government operations, improving governance operations, achieving a workable solution within U.S. laws, and achieving validation.

Government did not see reconciliation as a part of their goals, a value add for the U.S. public, a valuable use of taxpayer money, an achievable reality for taxes, or valuable to USEITI as a whole.

Mainstreaming was seen as the only feasible way for the U.S. to achieve validation, easier, and likely to increase participation. They see audits and controls in the U.S. as already achieving the purpose of reconciliation as laid out in USEITI.

Industry stated goals for USEITI of increasing transparency and data accessibility to the public, increasing public understanding and confidence, articulating the current state of U.S. management as a model internationally, and building trust with the other sectors.

Industry did not see reconciliation as fitting materially into those goals. Responses noted it as a check-the-box exercise and a waste of time.

Mainstreaming is seen as essential by industry, and merited based on the current systems in place.
<table>
<thead>
<tr>
<th>Track Record of Reconciliation</th>
<th>CSO</th>
<th>CSO saw the track record of reconciliation as strong with regards to non-tax revenue but as weak and lacking reporting and reconciliation of taxes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td></td>
<td>Government saw the track record of revenues as very strong given the U.S. system of audits, controls, checks, and balances. They viewed tax reporting and reconciliation as the biggest weakness given the legal prohibitions against disclosure and the lack of company involvement. Government viewed the decline in the number of companies as an effect of broader market forces (the decline in commodity prices and company bankruptcies) not specifically reflective of USEITI.</td>
</tr>
<tr>
<td>Industry</td>
<td></td>
<td>Industry didn't view the decline in the number of companies as important; they saw reconciliation as having achieved its purpose of showing the dollars match and that the U.S. has already mainstreamed. Industry saw the track record of reconciliation in the United States as strong given audits, controls, and systems in place. Reconciliation helped to prove in another way that the numbers match and that the U.S. has already mainstreamed. They also saw it as not decreasing the amount of information available given data disclosures.</td>
</tr>
<tr>
<td>CSO</td>
<td></td>
<td>CSO saw the strength of U.S. data in government disclosure and the promise of government project-level disclosure, even if it's upon request. CSO also noted that U.S. data was up-to-date and reliable. CSO viewed the lack of tax reporting and reconciliation and the repeal of Dodd-Frank 1504 as the fatal weakness of U.S. data quality.</td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td>Government saw the strength of U.S. data in it being up-to-date, reliable due to the stringent system of audits and controls in the United States, and comprehensive for</td>
</tr>
</tbody>
</table>
nontax revenues. They noted that USEITI has achieved an unprecedented level of disclosure and that contextual narrative information helped to make data comprehensible.

They viewed the lack of tax disclosure, given U.S. laws, as the chief weakness in U.S. data comprehensiveness and the **repeal of Dodd-Frank 1504** as fatal to U.S. hopes of achieving that kind of disclosure, and with it mainstreaming.

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**Evaluating U.S. Data Quality**

Industry articulated an extensive list of U.S. data quality strengths, including: public accessibility, level of disaggregation, up-to-date nature, and reliability based on controls and audits, contextual explanations of data, and comprehensive release of appropriate data.

Industry generally saw less cause for concern with the **repeal of Dodd-Frank 1504** and articulated cases for how the U.S. can mainstream given current controls and disclosures. They saw limited influence on U.S. companies due to EU directives related to disclosure.

*Commented (KM059):* 1504 wasn't repealed, the rules were tossed out and the SEC has to re-write new rules.
My edits to the Mainstreaming feasibility Study

From: "Wilson, Judith" <judith.wilson@onrr.gov>
To: "Oliver, Kimiko" <kimiko.oliver@onrr.gov>
Cc: Chris Mentasti <chris.mentasti@onrr.gov>, Jennifer Malcolm <jennifer.malcolm@onrr.gov>, Robert Kronebusch <robert.kronebusch@onrr.gov>, "Carlson, Curtis" <curtis.carlson@treasury.gov>
Date: Fri, 24 Mar 2017 18:50:42 -0000
Attachments: Mainstreaming Feasibility Study_DRAFT_20170324 ko BK cc jm edits jw.docx (483 kB)

are attached. I added my comments to the last set of comments so hopefully I did not duplicate and we have a full set.

--
Judy Wilson
Program Manager USEITI Secretariat
Office of Natural Resources Revenue
judith.wilson@onrr.gov
202-208-4410
Mainstreaming Feasibility Study

March 2017
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Executive Summary

This section will summarize the history of reconciliation, the UDR and other disclosures, and the controls in place in the US. It will lay out the case for the appropriateness of mainstreaming. It is meant to include an Independent Administrator (IA) conclusion like the below.

*Based on the evidence available the USEITI <<insert Group Name>> recommends / does not recommend pursuing mainstreaming by ordering the following steps from the Independent Administrator.*

Mainstreaming Overview

What is the purpose and process for mainstreaming?
The objective of mainstreaming is to recognize implementing countries that make transparency integral to their systems. Requirement six of the EITI Standard states that “where legally and technically feasible, implementing countries should consider automated online disclosure of extractive revenues and payments by governments and companies on a continuous basis.”

Mainstreaming is the formal process countries pursue to demonstrate integrated transparency. The process consists of seven phases: formal commitment, feasibility study, work plan, application, approval, implementation, and review.

*Describe what this report includes: formal commitment, feasibility study.*

*For discussion, should we include work plan and application?*

What does the feasibility study entail?
The feasibility study consists of four main components including a review of materials, stakeholder consultation, feasibility report, and plan of action. The Mainstreaming Feasibility Study requires information on the track record of reconciliation, an explanation of how the U.S. will increase and embed disclosures, an evaluation of data quality, and options for data reconciliation. This study makes an evaluation of U.S. readiness on each of those components below.

*Describe all steps taken to prepare this report including review of materials, stakeholder consultation, feasibility report and plan of action.*

Commented [KR1]: What is UDR an acronym for: Unilateral Disclosure Report or Unilateral Disclosure of Revenues as hinted at on page 7, first bullet, under Comprehensive Data.

Commented [KR2]: Throughout the document, sometimes U.S. is used and other times U.S., need to be consistent.

Commented [WJ.M3]: And other times United States. Just be consistent. We require a thorough editorial review per your Quality Management plan to have all deliverables go through an editor and fact checker for style and accuracy.

Commented [WJ.M4]: Throughout this document, the IA refers to the feasibility study, the feasibility report, this report. Be consistent.

Commented [WJ.M5]: What is the difference between “this report” and the “feasibility report”? Are they not one in the same?
U.S. Track Record of Reconciliation

In order for countries to be considered for mainstreaming, the candidate must have a track record of reconciliation without major errors. The EITI does not define the length of time required, a materiality threshold, or a maximum number of discrepancies. As a result, this section will contain a summary of the US record of reconciliation, thresholds, unexplained variances, etc.

What is the U.S. record of results for reconciliation?

The U.S. conducted its first reconciliation in 2015. The period of reconciliation was Calendar Year (CY) 2013. Across 31 companies and 11 revenue streams, overall variance for all revenues came to $1,406,472,132.22, or 14%. Seventeen discrepancies exceeded the margins of variance determined by the MSG. The IA—working with in-scope companies and government entities—resolved or explained all discrepancies. Explanations included differences regarding when payments were recorded and how they were classified.

In the following year, the U.S. conducted its second reconciliation, covering CY 2015. Of 25 companies, the overall variance for all revenues came to $1,345,728,664, or 22.9%. 19 discrepancies exceeded the margins of variance determined by the MSG. All 19 were resolved or explained for the same reasons mentioned above.

<table>
<thead>
<tr>
<th>Result</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOI Revenues Released</td>
<td>100% of 2013 revenues</td>
<td>100% of 2014 and 2015 revenues</td>
</tr>
<tr>
<td>Companies Participating</td>
<td>31 of 40 companies</td>
<td>25 of 41 companies</td>
</tr>
<tr>
<td>Revenues Reported &amp; Reconciled</td>
<td>58.5% (11% in-scope, 67% of all DOI revenues)</td>
<td>54.83% (9% in-scope, 62% of all DOI revenues)</td>
</tr>
<tr>
<td>Companies Releasing Taxes</td>
<td>12 of 41 reported $190M</td>
<td>12 of 38 reported $208M</td>
</tr>
<tr>
<td>Companies Reconciling Taxes</td>
<td>5 of 41 reconciled $90M</td>
<td>7 of 39 reconciled $1130M</td>
</tr>
<tr>
<td>Variances</td>
<td>17</td>
<td>21</td>
</tr>
<tr>
<td>Variances Resolved or Explained</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Commented [KMO6]: I think right up front we need to exploit our success with the UDI. How we got there and what it has meant to the US is in terms of going above and beyond the Standard for reporting revenues.

Commented [WJ/M7]: Either this section or the next section should address Government reporting of revenue disbursement to States. EITI Standard Requirement 4.2 (d) requires reporting and reconciliation of material company payments to subnational governments, and the receipt of these payments. Separately, EITI Standard Requirement 4.2 (e) requires reporting on mandatory revenue transfers from national governments to subnational governments. The EITI Board approved the request for adapted implementation of the EITI Standard for subnational reporting as a part of the approval of the USEITI candidacy application. The USEITI Standard allows for adapted implementation "where the country faces exceptional circumstances that necessitate deviation from the implementation requirements." (EITI Standard Requirement 5.2). The approved adapted implementation considered that the USEITI reporting will comply with EITI Standard 4.2 (e)’s requirements by reporting 100% of extractive-specific revenue collected by the US Federal Government and

Commented [KOB]: Maybe mention that the reconciliation attempted to cover companies who together reported over 80% of revenues paid to ONRR which established the reconciliation threshold for both years.

Commented [KOS]: Where did these numbers come from? According to the IA’s gov’t & company reconciliation summary on the Data Portal, the total variances for the 11 DOI revenue types was $593,976,582 (that no. not there – I did the math).

Commented [KR10]: Where did these numbers come from? According to the IA’s gov’t & company reconciliation summary on the Data Portal, the total variances for the 11 DOI revenue types was $156,188,520,582 (that no. not there – I did the math).

Commented [KMO11]: I would not recommend beginning a sentence with a number. Also is this 39 or 21 variances? The 2016 Report shows 21. Please confirm.

Commented [ML12]: The graphic below also shows 21.

Commented [KRT13]: Regarding the Table, I think there should be some narrative above which explains why there is a difference in the number of total revenue vs. taxes in scope reporting companies.

Commented [KMO14]: DOI Revenues “Reported”

Company Taxes “Reported”
Increasing and Embedding Disclosures

How does the government embed and increase disclosures?

The U.S. government publicly discloses much of the data that has been embedded in the USEITI Data Portal, and it also discloses and publishes federal revenue by both location and company. Location data can be filtered by commodity category and/or region and goes from 2004 to 2015. Company data can be filtered by commodity and/or revenue type and covers 2015 revenue.

The portal includes economic impact data on the extractive industries, including Gross Domestic Product, Exports, and Jobs. It can be filtered by region, with results shown as $ values or % values, from 2004 to 2015. Additional filters include by commodity for exports and by job type for jobs.

Beyond disclosing DOI data, the Data Portal aggregates and makes accessible relevant data sets from other government organizations, including the Energy Information Administration, the Bureau of Economic Analysis, and the Bureau of Labor Statistics.

In addition to the USEITI Data Portal, ONRR’s Statistical Information Site (http://statistics.onrr.gov) provides datasets on disbursement (at a fund or state level and by fiscal year) and reported revenue data (including sales volumes, sales values, and revenue by commodity).

The portal also includes reconciliation data and corporate income tax data for those companies that have opted to report their tax data. Currently, the U.S. cannot share tax data on any company without the consent of the company. This may present a barrier to approval of mainstreaming. However, the Internal Revenue Service (IRS) discloses aggregate tax liability by industry based on a stratified sample of individual company tax returns. Further describe the nature of Treasury disclosures.
In summary, the Government discloses the majority of data required for mainstreaming on the USEITI Data Portal. Disclosures by IRS provide information on taxes at an aggregate industry level but not by company. Opportunities for the government to increase and embed disclosures include the expansion of the revenue streams disclosed, including the coal excise tax, and the commodities in-scope.

How does the extractive industry increase and embed disclosures?

Currently, industry reporting of EITI-related data is voluntary. A number of companies voluntarily report data or report data according to European regulations.

- **Oil & Gas**: Five major oil and gas companies report detailed government payments information in the United States outside of USEITI. They are BP, ENI, Shell, Statoil, and Total. None of these reports include tax information.
  - BP reports according to British regulations (UK's Report on Payments to Governments Regulations 2013 (as amended in December 2015)) and reports payments to governments at the project level. Their payments are unaudited but independently assured by Ernst and Young.
  - ENI voluntarily reports payments to government on a national level. Their report contains additional contextual information. It is unaudited.
  - Shell voluntarily reported payments to governments prior to the implementation of British regulations and now reports according to those regulations. It reports all payments to governments at the project level. This report is unaudited.
  - Statoil reports payments to government according to Norwegian law, at the project and government levels. It also includes contextual information in their annual report. Their report is unaudited.
  - Total reports according to French law and reports all payments to governments, including at the city and the county level. Their report is not audited.

- **Coal & Hardrock**: BHP Billiton and Rio Tinto are two major coal and hardrock companies that voluntarily report detailed government payments information in the United States.
  - BHP Billiton reports government payments (both tax and non-tax) as well as contextual information and data on broader economic contributions such as? Their non-tax data includes payments to governments and on a project level. Their report is audited by an independent auditor according to Australian Auditing Standards.
  - Rio Tinto reports payments to governments (both tax and non-tax) and publishes an annual Taxes Paid report. Payments are reported on a government and project level. The report includes economic contribution data and contextual information, including case studies. The report is independently audited.
These reports suggest best practices for encouraging further disclosure of payments by private companies.

[THIS SECTION TO BE UPDATED TO INCLUDE ADDITIONAL VOLUNTARY DISCLOSURES MADE BY COMPANIES AS PART OF SEC FILINGS, UNDER EU DIRECTIVE 10 AND AS PART OF USEITI]

Evaluating Data Quality

The requirements for mainstreaming include determining whether data from both government and industry sources is up to date, comprehensive, and reliable outside of the EITI reporting structures. The U.S. performs strongly on data quality and provides up to date, comprehensive, and reliable data as required by the International Standard.

Up to Date Data

EITI requires information be reported on an annual basis. Where the government and industry currently report, data is disclosed on an annual basis in the U.S. In addition, ONRR unilaterally discloses company payments on an annual basis through the USEITI Data Portal.

Comprehensive Data

This section will discuss data comprehensiveness including:

- **Comprehensiveness of disclosure through the UDR** – The government’s unilateral disclosure of revenues received covers all in-scope, non-tax payments received by the government, including for companies not in scope of USEITI.
- **Comprehensiveness of tax disclosures**
- **Brief discussion of emerging requirements and potential for mainstreamed implementation – e.g., beneficial ownership, project level**

Reliable Data

Extractive industries companies and the U.S. government are subject to laws and regulations that guide the process for receiving payments and for companies making payments to the government. The processes for how payments and revenues are recorded and verified in the extractive industries in the United States are detailed in USEITI’s Audit and Assurance Practices and Controls in the U.S. Factsheet available here: https://useiti.doi.gov/downloads/USEITI_budget-audit-factsheet_2016-08-17.pdf.

Companies and government agencies in the United States are bound by standards that govern the ecosystem of payments in the extractive industry. Professional associations and government agencies create and update standards that are used by internal and external...
Reconciliation and Mainstreaming

Once a country is approved for mainstreaming, it is no longer required to undergo the reconciliation process. If EITI data is comprehensive and reliable and financial data is “audited in accordance with international standards, the procedure does not require a comprehensive reconciliation of government revenues and company payments.” This section details the processes for reconciliation, assurance, and audit that are already in place at ONRR and other US Government agencies. There are generally four levels of mainstreamed controls:

- Upfront Reconciliation of Transaction Data Between DOI, Treasury and Companies
- Internal Audit and other Assurance Processes within DOI
- External Audit of DOI
- Other Ad-hoc Oversight from the Office of Inspector General, Congress, and other Bodies

Important to note as part of the pre-reconciliation process integral to ONRR’s function of receiving and processing company reporting and payments and ONRR conducts 100% upfront reconciliation.

This report covers CY2015 Rents, Royalties, and Bonuses, which together constitute 95% of DOI revenue streams, as Corporate Income Taxes. See table below for detail.

<table>
<thead>
<tr>
<th>Revenue Stream</th>
<th>% of DOI Revenues</th>
<th>Up-Front Reconciliation</th>
<th>Internal Controls</th>
<th>External Audits</th>
<th>Ad-Hoc Oversight</th>
</tr>
</thead>
<tbody>
<tr>
<td>ONRR Royalties</td>
<td>78.3%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>ONRR &amp; BLM Bonuses</td>
<td>14.6%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>ONRR &amp; BLM Rents</td>
<td>3.1%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>OSMRE AML Fees</td>
<td>2.5%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>BLM Permit Fees</td>
<td>1.3%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>ONRR Offshore Inspection Fees</td>
<td>0.7%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>ONRR Other Revenue</td>
<td>0.4% (Negative Amount)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>ONRR Civil Penalties</td>
<td>0.1%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>OSMRE Civil Penalties</td>
<td>0.03%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Corporate Income</td>
<td>N/A</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Commented [WJ/M40]: Nowhere do we acknowledge the role States play in auditing government revenues. Mike Marlew is from Wyoming has spoken to this repeatedly at the MSG meetings.

Commented [KMO41]: Need more in depth explanation.

Commented [MJL42]: Not a sentence

Commented [KR43]: Why “us?”

Commented [KR44]: “Up-Front” is not hyphenated anywhere else. And get the “n” of reconciliation on the same line.
Taxes

Note: % totals are higher than 100% due to rounding and the fact that ONRR Other Revenues was negative.

[Insert table showing USEITI Revenue Streams, % of Total Revenue, and coverage in this report. IA recommends we document processes for Rents, Royalties and Bonuses, and Corporate Income Tax as part of first wave. Other Revenue Streams can be added as needed.]

Upfront Reconciliation Process

ONRR’s mission is to collect, account for, and verify Federal, State, and Indian energy and other natural resource revenues due to States, American Indians, and the U.S. Treasury on behalf of all Americans. Each month, ONRR receives and processes 49,000 royalty and production reports. To ensure that ONRR collects the proper revenues, it performs automated processes coordinating payments and reporting with industry and the U.S. Government, and may perform further controls such as audits to ensure proper payments.

[AWAITING ADDITIONAL INFORMATION ON RECONCILIATION PROCESS FROM DOJ/ONRR]

Figure 1. Verification of Payments by ONRR

U.S. Treasury, Single Source Cash Flow

The US Treasury and Federal Reserve System (Treasury) serve as the sole provider of financial services for all US federal agencies including ONRR. Treasury maintains a centralized system of accounts for ONRR. The core tenet of this centralized system of accounts is that no single federal agency controls the receipt and payment of public funds. All federal agencies that handle government financial transactions must properly perform their function to support internal government control and the system of central accounts. Treasury performs variance analysis and various other reconciliations on transactions and balances contained within its systems. Treasury contacts ONRR with any questions they may have and can request ONRR justify or make changes. Interior’s External Auditor also samples deposit and disbursement data.
from all Treasury systems and traces that data back to originating lease documents with ONRR’s systems or other agency accounting advice. To accomplish these ends, there are several primary systems maintained by Treasury that ONRR utilizes for cash flows. The primary systems ONRR uses to manage cash flows are the Collections Information Repository (CIR) for revenue collections, Intra-governmental Payments and Collections System (IPAC), Secure Payment System (SPS) for disbursements and the Central Accounting Reporting System (CARS) for Treasury fund reconciliation.

ONRR receives the majority of its oil and gas collections through the Collections Information Repository (CIR). CIR serves as a transaction broker, data warehouse, and reporting solution that provides a single touch-point to exchange all financial transaction information for settled transactions across all collections systems. This enables the US Government to normalize financial transaction reporting and standardize the availability of financial information across all settlement mechanisms and collections systems. CIR greatly improves the way ONRR collects, analyzes, and redistributes financial transaction information, which in turn eliminates redundancies and disconnects across and between the numerous point-to-point connections. The system is self-contained with various related external system interfaces. CIR provides ONRR with collection related to payments from the public sent via Fedwire, Pay.gov, ACH, and check. All payment method transaction information submitted to ONRR is summarized daily into vouchers by CIR. CIR does not allow ONRR to create or alter deposit information.

Whereas ONRR uses CIR for collections from the public, Intra-governmental Payments and Collections System (IPAC) is used for oil and gas revenues collected by other federal agencies and transferred to ONRR via IPAC. ONRR also uses IPAC to disburse revenue to other federal agencies in accordance with applicable statutes. The IPAC system’s primary purpose is to provide a standardized interagency fund transfer mechanism for Federal Program Agencies (FPAs). IPAC facilitates the intragovernmental transfer of funds, with descriptive data from one FPA to another. The IPAC system enables FPAs to exchange accounting and other pertinent information to assist in the reconciliation of funds transferred between FPAs for various interagency transaction types (buy/sell, fiduciary, and other miscellaneous payment and collection transactions). A Sender and Receiver TAS/BETC are validated in the Shared Accounting Module (SAM) and transmitted to the Central Accounting Reporting System (CARS) Account Statements at the time of IPAC origination. IPAC standardizes interagency payment, collection, and adjustment procedures through an Internet-based application.

Conversely, the Secure Payment System (SPS) is an application that allows government agencies to create payment schedules in a secure fashion; with strictly enforced separation of duties. Access to SPS is rigidly controlled by both Treasury and ONRR. SPS is ONRR’s only avenue to disburse revenue from Treasury to state or local governments and to refund overpayments back to oil and gas companies.
Lastly, ONRR uses the Central Accounting Reporting System (CARS) to report and reconcile all collections and disbursements activity. CARS is a one-stop access point to:

- provide and retrieve data and information from Treasury
- capture and record Treasury Account Symbol (TAS) information for payments, deposits, and intra-governmental transactions
- provides an account statement of the fund balance with Treasury
- allows access to transaction detail to support research and reconciliation
- improves the usability and currency of government-wide financial information
- minimizes data redundancy and enhances data sharing between Treasury's central accounting system, financial service provider systems, and agency core financial systems.

ONRR users reconcile the CARS fund balance with Treasury to ONRR's accounting system and via reclassification of collection and disbursement transactions to the proper fund within Treasury. This reconciliation process is performed in the first three business days of each month. Any statements of difference between Treasury and ONRR are not permitted. All discrepancies and out of balances found must be corrected during the current accounting period, or a restatement is required for closed periods. CARS does not allow ONRR to create or delete transactions from the system.

DOI's Internal Controls & Processes

Standards, controls, and audits play an integral role in data validation in the U.S. Some standards relate to controls, while others subject data to additional management—primarily via independent audits. Controls are the first step to ensure data validation, and are particularly important for companies as most data is not publically available even once validated and reported to the Government. These controls help companies report correct data on the first attempt, as companies are subject to penalties if found incorrectly calculating or reporting payments. Audits are designed to ensure that the appropriate controls are in place at both companies and government agencies. They are also intended to validate that the proper payments occur. Internal and external auditors work in concert with companies and the IRS to make sure that payment data is correct.

Internal Controls

[AWAITING INFORMATION FROM DOI/ONRR]

Audit & Compliance Management Function

[AWAITING INFORMATION FROM DOI/ONRR]
Recommendation on Mainstreaming

Based on available evidence, the <<Insert Group Name>> recommends/does not recommend that USEITI pursues mainstreaming by ordering a formal feasibility study from the independent administrator. There are X key reasons for this recommendation.

1. Insert rationale for recommendation here.
2. Insert rationale for recommendation here.
3. Insert rationale for recommendation here.
Appendix – Stakeholder Interview Notes

Interviewees
The IA interviewed 9 MSG members and alternates from each of the three sectors.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Name</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Society</td>
<td>Danielle Brian</td>
<td>Project on Government Oversight</td>
</tr>
<tr>
<td>Civil Society</td>
<td>Keith Romig, Jr.</td>
<td>United Steelworkers</td>
</tr>
<tr>
<td>Industry</td>
<td>Veronika Kohler</td>
<td>National Mining Association</td>
</tr>
<tr>
<td>Industry</td>
<td>Phil Denning</td>
<td>Shell Oil Company</td>
</tr>
<tr>
<td>Industry</td>
<td>Aaron Padilla</td>
<td>American Petroleum Institute</td>
</tr>
<tr>
<td>Government</td>
<td>Greg Gould</td>
<td>Department of the Interior</td>
</tr>
<tr>
<td>Government</td>
<td>Curtis Carlson</td>
<td>Department of the Treasury</td>
</tr>
<tr>
<td>Government</td>
<td>Mike Matthews</td>
<td>State of Wyoming – Department of Audit</td>
</tr>
<tr>
<td>Government</td>
<td>Jim Steward</td>
<td>Department of the Interior</td>
</tr>
</tbody>
</table>

Responses
The interviews covered the individuals’ goals for USEITI, the U.S. track record of reconciliation, and evaluating the data quality of USEITI as they related to mainstreaming. Key takeaways on those subjects are included below. They are organized by sector.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Sector</th>
<th>Takeaway</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goals for USEITI</td>
<td>CSO</td>
<td>CSO representatives spoke of a range of goals for USEITI, including: consolidating already available public data in an easily accessible place, creating a meaningful contextual narrative, revealing new information that had not previously been publicly available, and representing specific constituents.</td>
</tr>
</tbody>
</table>
CSO split on the fit of reconciliation into their goals. A view was expressed that reconciliation was inherently comparing company data to company data (i.e., government data was just company data provided to the government by the company). Another viewed reporting and reconciliation as a positive with the exception of tax reporting and reconciliation.

Neither saw mainstreaming specifically fitting into their goals for USEITI.

Government expressed a range of goals, including: educating the public, participating and leading on an international stage, creating something useful for public and the government, improving government operations, achieving a workable solution within U.S. laws, and achieving validation.

Government did not see reconciliation as a part of their goals, a value added for the U.S. public, a valuable use of taxpayer money, an achievable reality for taxes, or valuable to USEITI as a whole.

Mainstreaming was seen as the only feasible way for the U.S. to achieve validation, easier, and likely to increase participation. They see audits and controls in the U.S. as already achieving the purpose of reconciliation as laid out in USEITI.

Industry stated goals for USEITI of increasing transparency and data accessibility to the public, increasing public understanding and confidence, articulating the current state of U.S. management as a model internationally, and building trust with the other sectors.

Industry did not see reconciliation as fitting materially into those goals. Responses noted it as a check-the-box exercise and a waste of time.

Mainstreaming is seen as essential by industry, and merited based on the current systems in place.
<table>
<thead>
<tr>
<th>Track Record of Reconciliation</th>
<th>CSO</th>
<th>CSO saw the track record of reconciliation as strong with regards to non-tax revenue but as weak and lacking reporting and reconciliation of taxes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td></td>
<td>Government saw the track record of revenues as very strong given the U.S. system of audits, controls, checks, and balances. They viewed tax reporting and reconciliation as the biggest weakness given the legal prohibitions against disclosure and the lack of company involvement. Government viewed the decline in the number of companies as an effect of broader market forces (the decline in commodity prices and company bankruptcies) not specifically reflective of USEITI.</td>
</tr>
<tr>
<td>Industry</td>
<td></td>
<td>Industry saw the track record of reconciliation in the United States as strong given audits, controls, and systems in place. Reconciliation helped to prove in another way that the numbers match and that the U.S. has already mainstreamed. Industry didn't view the decline in the number of companies as important; they saw reconciliation as having achieved its purpose of showing the dollars match. They also saw it as not decreasing the amount of information available given data disclosures.</td>
</tr>
<tr>
<td>CSO</td>
<td></td>
<td>CSO saw the strength of U.S. data in government disclosure and the promise of government project-level disclosure, even if it's upon request. CSO also noted that U.S. data was up-to-date and reliable. CSO viewed the lack of tax reporting and reconciliation and the repeal of Dodd-Frank 1504 as the fatal weakness of U.S. data quality.</td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td>Government saw the strength of U.S. data in it being up-to-date, reliable due to the stringent system of audits and controls in the United States, and comprehensive for</td>
</tr>
</tbody>
</table>
nontax revenues. They noted that USEITI has achieved an unprecedented level of disclosure and that contextual narrative information helped to make data comprehensible.

They viewed the lack of tax disclosure, given U.S. laws, as the chief weakness in U.S. data comprehensiveness and the repeal of Dodd-Frank 1504 as fatal to U.S. hopes of achieving that kind of disclosure, and with it mainstreaming.

<table>
<thead>
<tr>
<th>Evaluating U.S. Data Quality</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry articulated an extensive list of U.S. data quality strengths, including: public accessibility, level of disaggregation, up-to-date nature, and reliability based on controls and audits, contextual explanations of data, and comprehensive release of appropriate data.</td>
<td>Industry generally saw less cause for concern with the repeal of Dodd-Frank 1504 and articulated cases for how the U.S. can mainstream given current controls and disclosures. They saw limited influence on U.S. companies due to EU directives related to disclosure.</td>
</tr>
</tbody>
</table>

Commented [KM076]: 1504 wasn't repealed, the rules were tossed out and the SEC has to re-write new rules.
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Executive Summary

This mainstreaming feasibility study was prepared by the United States Extractive Industries Transparency Initiative (USEITI) International Administrator (IA) in consultation with the USEITI multi-stakeholder group (MSG) and other stakeholders from government, industry and civil society. The process for mainstreaming consists of seven phases: formal commitment, feasibility study, work plan, application, approval, implementation, and review. Based on the evidence available, the USEITI MSG recommends pursuing mainstreaming. The United States has made the formal commitment to mainstreaming, and with the submission of this feasibility study and the recommendation to pursue mainstreaming, USEITI will proceed to the preparation of a mainstreaming application for review by the EITI International Secretariat.

Mainstreaming Overview

What Is the Purpose and Process for Mainstreaming?

The objective of mainstreaming is to recognize implementing countries that make transparency integral to their systems. Requirement six of the EITI Standard states that “where legally and technically feasible, implementing countries should consider automated online disclosure of extractive revenue and payments by governments and companies on a continuous basis.”

Mainstreaming is the formal process countries pursue to demonstrate integrated transparency. The process consists of seven phases: formal commitment, feasibility study, work plan, application, approval, implementation, and review.

What Does the USEITI Mainstreaming Feasibility Study Entail?

The USEITI Independent Administrator (IA) is preparing this study at the request of the USEITI MSG in anticipation of the submission of a formal application for mainstreaming by the United States. The IA completed this feasibility study in close consultation with the USEITI MSG, as well as government and company stakeholders, and the information in this report is a reflection of those consultations as well as an independent assessment of U.S. processes and controls.

The mainstreaming process consists of four main components—review of materials, stakeholder consultation, feasibility study, and plan of action. This study presents information on the U.S. track record of reconciliation, an explanation of how the United States will increase and embed disclosures, an evaluation of data quality, and options for data reconciliation. This study makes a statement about U.S. readiness on each of those components.

In order to prepare this study, the IA gathered and reviewed relevant documents and research around processes, systems, data, and controls of both the U.S. government and U.S. companies. In addition to this literature review, the IA also interviewed select stakeholders from three
sectors: government, industry, and civil society. The IA used a standard interview guide to gain perspectives and insights on data timeliness, reliability, and comprehensiveness, as well as on U.S. progress toward mainstreaming to meet EITI international standards.

Lastly, the IA spoke to select stakeholders from government and industry in order to fill any data gaps or better understand processes and controls relevant to this study.

U.S. Track Record of Reconciliation

In order for countries to be considered for mainstreaming by the EITI International Board, they must show a track record of reconciliation without major errors. The EITI International Board does not define the length of time required, materiality threshold, or maximum number of discrepancies. As a result, this section contains a summary of the U.S. track record of reconciliation, thresholds, and unexplained variances.

Unilateral Disclosure of Revenue (UDR) in the United States

Each year, the Office of Natural Resources Revenue (ONRR), a division of the U.S. Department of the Interior (DOI), unilaterally discloses calendar year (CY) energy and mineral revenue paid to DOI. Only the revenue deemed to be in-scope is unilaterally disclosed. These disclosures are disaggregated at the company level and reported by natural resource and revenue type. The UDR showcases the United States’ commitment to the unilateral disclosure of federal natural resources revenue by company, natural resource, and revenue stream. The UDR uses data reported by federal lease holders on Forms ONRR-2014 and ONRR-4430, as well as ONRR direct billing. The UDR is available on both ONRR’s statistical information site and USEITI’s data portal.

Specifically, the UDR includes:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Disclosure Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calendar Years Disclosed</td>
<td>2013–2016</td>
</tr>
<tr>
<td>Unique Identified Companies</td>
<td>1,635</td>
</tr>
<tr>
<td>Total $ Amount Disclosed²</td>
<td>$38,699,490,038</td>
</tr>
<tr>
<td>Natural Resource Categories</td>
<td>17</td>
</tr>
<tr>
<td>Government Agencies Included</td>
<td>Three (ONRR, the U.S. Bureau of Land Management (BLM), and the U.S. Office of Surface Mining Reclamation and Enforcement (OSMRE))</td>
</tr>
<tr>
<td>Revenue Streams</td>
<td>Nine (ONRR royalties, inspection fees, civil penalties, and other revenue; ONRR/BLM rents and bonuses;</td>
</tr>
</tbody>
</table>

¹ OSMRE and BLM revenue streams are not collected through Forms ONRR-2014 and ONRR-4430. Also, not all UDR AML fee revenue for OSMRE is from federal lease holders.
² This disclosure represents all revenue paid to DOI in CYs 2013–2016.
These amounts will grow annually as production and/or prices increase, and ONRR will continue to unilaterally disclose revenue. The dataset has been cleaned and organized for ease of use by the general public. It delineates aggregate payments by calendar year, corporate name, natural resource, and revenue.

Adapted Implementation for Subnational Payments in the United States

EITI Standard Requirement 4.2 (d) mandates reporting and reconciliation of material company payments to subnational government entities and the receipt of such payments. Separately, EITI Standard Requirement 4.2 (e) mandates reporting on mandatory revenue transfers from national governments to subnational governments. The EITI International Board approved USEITI’s request for adapted implementation of the EITI Standard for subnational reporting as part of USEITI’s candidacy application. The EITI Standard allows for adapted implementation “where the country faces exceptional circumstances that necessitate deviation from the implementation requirements” (EITI Standard Requirement 1.5). The approved adapted implementation considers that USEITI’s reporting will comply with EITI Standard Requirement 4.2 (e), which mandates reporting 100% of revenue specific to extractive industries collected by the U.S. federal government and transferred to U.S. state governments within the unilateral data disclosure. However, payments made by companies to state governments (4.2 (d)) and revenue collected by state governments are not directly be included in the reconciliation.

What Is the U.S. Record of Results for Reconciliation?

The United States conducted its first reconciliation in 2015. The MSG set the scope of reconciliation to include the top paying companies that, together, accounted for 80% of revenue paid to ONRR. The first period of reconciliation was CY 2013. Across 31 companies (out of 45 invited to reconcile) and 10 revenue streams, the overall variance for all DOI revenue came to $93,976,582, or 1.1% of all revenue reported by the 45 companies. For five companies reconciling taxes, there was one variance that totaled $6,297,360, or 3.3% of reconciled taxes. Seventeen discrepancies exceeded the allowable margin of variance determined by the USEITI MSG. The IAR in collaboration with in-scope companies and government entities, resolved or explained all discrepancies, which included differences regarding when payments were recorded and how they were classified.

In the following year, the United States conducted its second reconciliation covering CY 2015 revenue. Similar to the CY 2013 reconciliation, the USEITI MSG set the scope of reconciliation to include the top paying companies that, together, accounted for 80% of revenue paid to ONRR.
Of the 25 companies reporting (out of 41 invited to reconcile), the overall variance for all DOI revenue came to $156,387,357, or 3.24%. For seven companies reconciling taxes, the overall variance came to $120,122,958, or 33.8% of the total value of taxes reconciled. Additionally, 21 discrepancies exceeded the allowable margin of variance determined by the USEITI MSG. The IA, in collaboration with in-scope companies and government entities, resolved or explained all 21 discrepancies, which included differences regarding when payments were recorded and how they were classified.

Each year, companies may choose to report and reconcile both taxes and DOI revenue; however, per the reconciliation history, more companies choose to report and reconcile DOI revenue than taxes.

Figure 1. USEITI Reporting and Reconciliation Results (2015 and 2016)

<table>
<thead>
<tr>
<th>Result</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOI Revenues Unilaterally Disclosed</td>
<td>100% of 2013 revenues</td>
<td>100% of 2014 and 2015 revenues (only 2015 reconciled)</td>
</tr>
<tr>
<td>Companies Participating</td>
<td>31 of 45 companies</td>
<td>25 of 41 companies</td>
</tr>
<tr>
<td>DOI Revenues Reported &amp; Reconciled</td>
<td>$8.5B (81% of in-scope DOI revenues, 67% of all DOI revenues)</td>
<td>$4.83B (79% of in-scope DOI revenues, 62% of all DOI revenues)</td>
</tr>
<tr>
<td>Companies Reporting Taxes</td>
<td>12 of 41 reported $190M</td>
<td>12 of 38 reported -$386M</td>
</tr>
<tr>
<td>Companies Reconciling Taxes</td>
<td>5 of 41 reconciled $90M</td>
<td>7 of 38 reconciled -$130M</td>
</tr>
<tr>
<td>Variances</td>
<td>17</td>
<td>21</td>
</tr>
<tr>
<td>Variances Resolved or Explained</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

What Are the Expected Results for 2017?
The USEITI MSG has decided not to conduct a reconciliation of extractive industries revenue reported by U.S. government and U.S. companies for 2017 due to its judgement that the reconciliation process is redundant with established audit and assurance procedures and controls in place in the United States. Instead, the USEITI MSG has decided to use the UDR to document controls in place in the contextual narrative as it believes the UDR process will continue to be comprehensive, timely, and accurate. The USEITI MSG plans to make the UDR

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3 Decision made by the USEITI MSG on February 2, 2017.
publicly available via existing sources, except where current laws or regulations prohibit data disclosure.

The USEITI MSG plans to produce an annual report for 2017 and will continue to update USEITI’s data portal with additional contextual narrative information and data from U.S. states.

Increasing and Embedding Disclosures

How Does the Government Embed and Increase Disclosures?

The 2016 EITI Standard encourages countries to make use of existing reporting for EITI rather than duplicate their findings in an EITI report. To this end, the EITI International Secretariat has hailed USEITI’s data portal as a good example of mainstreaming data.

The U.S. government publicly discloses all data embedded in USEITI’s data portal. This data is updated annually. Key information in USEITI’s data portal includes:

- **Federal production data** for 55 products extracted from 2006 to 2015. This data can be filtered by product type, region (including state, county, and offshore region), and both calendar and fiscal years.

- **Federal revenue by region and company** for 2006 to 2015. This data can be filtered by natural resource category and/or region.

- **Company data** for 2013 to 2015, provided by ONRR in its unilateral disclosure. This data can be filtered by natural resource category and/or revenue type.

- **Economic impact data on the extractive industries** for 2006 to 2015, including gross domestic product, exports, and jobs. This data can be filtered by region, with results shown as dollar values or percentage values. The data can be further filtered by natural resource category for exports and by job type for jobs.

- Beyond disclosing DOI data, the portal aggregates and makes accessible relevant data sets from other government organizations, including the U.S. Energy Information Administration, the U.S. Bureau of Economic Analysis, and the U.S. Bureau of Labor Statistics, as well as select state and local government data.

In addition to USEITI’s data portal, ONRR’s statistical information site ([http://statistics.onrr.gov/](http://statistics.onrr.gov/)) provides data sets on disbursements (at the fund or state level and by fiscal year) and reported revenue data (i.e., sales volumes, sales values, and revenue by natural resource category), which is shared at the state, onshore, offshore, and Indian levels in the United States.
USEITI’s data portal also includes reconciliation data and Corporate Income Tax data for companies that have opted to report their tax data. Currently, the Tax Reform Act of 1976 (26 U.S. Code § 6103) prohibits disclosure of Federal Income Tax data without the consent of the taxpayer. However, the Internal Revenue Service (IRS) discloses aggregate tax liability by industry based on a stratified sample of individual company tax returns, and this aggregate information has been included in the 2015 and 2016 USEITI reports.

Furthermore, the collection of Corporate Income Taxes are subject to financial controls similar to other government revenue collections. The Bureau of the Fiscal Service, a division of the U.S. Department of the Treasury (“US Treasury”), collects Corporate Income Taxes.

In summary, the U.S. government discloses the majority of data required for mainstreaming on USEITI’s data portal. Disclosures by the IRS provide information on taxes at an aggregate industry level, but not by company. Opportunities for the U.S. government to increase and embed disclosures include the expansion of the revenue streams disclosed, such as the Coal Excise Tax and in-scope natural resources.

How Does the Extractives Industry Increase and Embed Disclosures?
Companies in the extractive industries in the United States operate within a system of controls and audits that vary based on their ownership status and internal procedures.

Public Companies
In 2016, 34 of the 41 in-scope companies were public (i.e., stock traded on the open market). Public companies must annually disclose their financial statements and the result of their audits. Of the 34 companies, 29 follow accounting principles generally accepted in the United States of America (GAAP). The remaining five companies follow International Financial Reporting Standards (IFRS). For each company, independent auditors review and attest to the company’s internal controls, in addition to auditing the company’s financial statements. Based on a review of company 10-Ks, these public companies arrange their internal controls according to the Internal Control—Integrated Framework (2013) established by the Committee of Sponsoring Organizations of the Treadway Commission’s (COSO), which is a joint initiative of the American Accounting Association, the American Institute of Certified Public Accountants (AICPA), Financial Executives International, the Association of Accountants and Financial Professionals in Business, and the Institute of Internal Auditors. Appendix 3 contains information on the disclosures, forms, and auditors of in-scope companies, as well as links to available annual reports or 10-Ks for 2015, the last year for which all companies created such reports.

Private Companies
Private companies have fewer requirements to make their information and financial statements public. In 2016, seven in-scope companies were private. These companies, while not subject to the same disclosure requirements as public companies, still operate within the system of
controls and audits in which public companies operate. Importantly, private companies can be subject to audits by the IRS.

Voluntary Disclosures

In addition to these internal controls, external audits, and related disclosures, a number of in-scope companies report EITI-related data voluntarily or according to European regulations. (Rio Tinto, included below, is not an in-scope company, but is a USEITI MSG member and, therefore, is included.)

<table>
<thead>
<tr>
<th>Company</th>
<th>Natural Resource</th>
<th>Reports Under</th>
<th>Disclosures</th>
</tr>
</thead>
<tbody>
<tr>
<td>BP p.l.c. (BP)</td>
<td>Oil &amp; Gas</td>
<td>U.K. law</td>
<td>BP reports payments to governments at the project level, and such payments are unaudited, but independently assured by Ernst &amp; Young. BP does not include tax information. <a href="http://www.bp.com/content/dam/bp/pdf/sustainability/group-reports/bp-report-on-payments-to-governments-2015.pdf">http://www.bp.com/content/dam/bp/pdf/sustainability/group-reports/bp-report-on-payments-to-governments-2015.pdf</a></td>
</tr>
<tr>
<td>Shell Oil Company (&quot;Shell&quot;)</td>
<td>Oil &amp; Gas</td>
<td>U.K. law</td>
<td>Shell voluntarily reported payments to governments prior to the implementation of British regulations and now reports according to those regulations. It reports all payments to governments at the project level. The Shell report is unaudited. <a href="http://www.shell.com/sustainability/transparency/revenues-for-governments.html">http://www.shell.com/sustainability/transparency/revenues-for-governments.html</a></td>
</tr>
<tr>
<td>Statoil ASA (&quot;Statoil&quot;)</td>
<td>Oil &amp; Gas</td>
<td>Norwegian law</td>
<td>Statoil reports payments to governments at the project and country levels. It also includes contextual information in its annual report. The Statoil report is unaudited. <a href="https://www.statoil.com/en/investors.html#annual-reports">https://www.statoil.com/en/investors.html#annual-reports</a></td>
</tr>
<tr>
<td>BHP Billiton (BHP)</td>
<td>Coal &amp; Hardrock</td>
<td>Voluntary</td>
<td>BHP reports both tax and non-tax payments to governments, as well as contextual information and data on broader economic contributions (e.g., wages). BHP’s non-tax data includes payments to governments at the project level. BHP’s report is audited by an independent auditor according to Australian Auditing Standards. <a href="http://www.bhpbilliton.com/our-approach/operating-with-integrity/tax-and-transparency">http://www.bhpbilliton.com/our-approach/operating-with-integrity/tax-and-transparency</a></td>
</tr>
</tbody>
</table>
These reports suggest best practices for encouraging further disclosure of payments by private companies.

In addition, publicly listed companies in the United States must comply with the reporting requirements under the Sarbanes-Oxley Act of 2002 (the “Act”) and the corresponding U.S. Securities and Exchange Commission (SEC) Final Rule, Management’s Report on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports (https://www.sec.gov/rules/final/33-8238.htm). The SEC Final Rule requires that a company’s board of directors “include in their annual reports a report of management on the company’s internal control over financial reporting.” Specifically, the SEC Final Rule states the annual report must include:

1) A statement of management’s responsibility for establishing and maintaining adequate internal control over financial reporting at the company.

2) Management’s assessment of the effectiveness of the company’s internal control over financial reporting as of the end of the company’s most recent fiscal year.

3) A statement identifying the framework used by management to evaluate the effectiveness of the company’s internal control over financial reporting (i.e., Internal Control—Integrated Framework, established by COSO, is the most commonly used).

4) A statement affirming that the registered public accounting firm that audited the company’s financial statements has issued an attestation report on management’s assessment of the company’s internal control over financial reporting. This review of controls by the company’s external auditors (monitored by the Public Company Accounting Oversight Board) follows a review by the company’s own internal auditors (reporting to the company’s audit committee).

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A review of controls is part of the annual financial statement audit that every public company must complete with an independent public accounting firm. This audit provides investors and other interested parties with an assessment as to whether the company’s financial results are fairly presented, in all material respects, in conformity with an established uniform body of accounting standards. Private companies typically are subject to financial statement audits when other parties, such as creditors and lenders, rely on and require the same level of assurance and attestation.

Evaluating Data Quality

The requirements for mainstreaming include determining whether data from both government and industry sources is up to date, comprehensive, and reliable outside of the EITI reporting structure. This section outlines the characteristics of U.S. data in these three categories.

Up-to-Date Data

The EITI Standard requires that information be reported on an annual basis and requires that the data disclosed be “no older than the second to last complete accounting period.” For government and industry entities that currently report, U.S. data is disclosed on an annual basis and within the second to last complete accounting period. DOI UDR data is reported for the previous accounting period (e.g., the 2016 report includes 2015 data).

Comprehensive Data

The U.S. government’s UDR covers all in-scope, non-tax payments received by the U.S. government, including payments from companies not in scope for USEITI revenue reconciliation purposes. Unilateral disclosure in the United States covers royalties, rents, bonuses, and other revenue, both by revenue stream and by company.

Federal Income Tax disclosure is made by the U.S. Treasury on an aggregate basis by industry. Some companies voluntarily disclose Federal Income Tax data as part of EITI reporting, to fulfill regulatory requirements in other countries, or as part of their own transparency reporting.

USEITI provides contextual narrative information through USEITI’s data portal, which provides a detailed overview of the extractive industry on federal government lands in the United States. The portal contains dozens of pages, tables, and graphics that allow users to dynamically explore data related to the extractive industries in the United States. It also explains USEITI and how the extractive industries function in the United States. Specifically, the portal includes:

- More than 15 in-depth contextual pages about the entities that own natural resources, the laws governing natural resource extraction, how natural resources result in federal revenue, details on revenue streams, and data accuracy and accountability measures.
Fifty-five dynamic regional profile pages with contextual data integrated throughout.

Twelve county case study pages that examine major producers of in-scope natural resources and the socioeconomic impact extractives industries have on these counties.

Additionally, the data portal includes a glossary related to the extractive industries, downloadable data sets for further analysis, and data documentation and usage notes.

Reliable Data

Companies in the extractive industries are subject to laws and regulations related to payments to the U.S. government, including the process for submitting those payments to the federal government. The processes for how these payments and revenue are recorded and verified are detailed in USEITI’s Audit and Assurance Practices and Controls in the U.S. Factsheet, which is available at https://useiti.doi.gov/downloads/USEITI_budget-audit-factsheet_2016-08-17.pdf. Appendix 2 includes tables that outline the major laws establishing the fiscal regime, fees, and fines related to extractive industries revenue collection in the United States.

Standards for both the federal government and companies in the extractive industries are promulgated by regulatory and voluntary oversight bodies. These standards define:

- How companies and the U.S. government report revenue and financial information.
- How internal and external audit procedures provide payment and collection assurance.
- How external auditors provide assurance on companies’ financial statements, as well as disclose audit results and audited financial statements for public companies.

Appendix 2 provides a table of laws, regulations, professional standards, and regulatory organizations used by companies, governments, and auditors to guide the reporting of financial information in the United States, including the financial statement audit process.

Reconciliation and Mainstreaming

Once a country is approved for mainstreaming, it is no longer required to complete the reconciliation process. If EITI data is comprehensive and reliable, then the data is “audited in accordance with international standards, the procedure does not require a comprehensive reconciliation of government revenue and company payments.” This section details the audit, reconciliation, and assurance processes in place at ONRR and other U.S. government agencies.

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The United States Extractive Industries Transparency Initiative

There are generally four levels of mainstreamed controls:

- Upfront reconciliation of transaction data between DOI, U.S. Treasury, and companies
- Internal audit and other assurance processes within DOI
- External audit of DOI
- Other ad hoc oversight from the Office of the Inspector General (OIG), Congress, and other bodies

As part of the pre-reconciliation process integral to ONRR’s receipt and processing of company payments and reporting, ONRR conducts 100% upfront reconciliation.

This report covers CY 2015 rents, royalties, and bonuses that, together, constitute 95% of DOI revenue streams, as well as Corporate Income Taxes. The following table provides additional details:

<table>
<thead>
<tr>
<th>Revenue Stream</th>
<th>Percent of DOI Revenue</th>
<th>Upfront Reconciliation</th>
<th>Internal Controls</th>
<th>External Audits</th>
<th>Ad Hoc Oversight</th>
</tr>
</thead>
<tbody>
<tr>
<td>ONRR Royalties</td>
<td>78.2%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>ONRR &amp; BLM Bonuses</td>
<td>14.6%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>ONRR &amp; BLM Rents</td>
<td>3.1%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>OSMRE AML Fees</td>
<td>2.5%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>BLM Permit Fees</td>
<td>1.3%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>ONRR Offshore Inspection Fees</td>
<td>0.7%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>ONRR Other Revenue</td>
<td>0.4%</td>
<td>✓ (Negative Amount)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>ONRR Civil Penalties</td>
<td>0.1%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>OSMRE Civil Penalties</td>
<td>0.03%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Corporate Income Taxes</td>
<td>N/A</td>
<td>N/A</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Note: Percentages total more than 100% due to rounding and negative ONRR other revenue.

ONRR’s Upfront Reconciliation Process

ONRR’s mission is to collect, account for, and verify natural resources revenue due to U.S. states, American Indians, and the federal government. Each month, ONRR receives and processes 49,000 royalty and production reports. ONRR’s reconciliation process determines whether the U.S. government has been paid what it is owed, as well as whether companies made payments to the federal government in a timely manner. For ONRR’s reconciliation process, companies report data the month after the month of production. Comprehensive reporting by companies and payors occurs on a project or lease level basis.

6 A "project" is defined as the operational activities governed by a single contract, license, lease, concession, or similar legal agreements that forms the basis for payment liabilities to a government. If multiple agreements are interconnected, they should be considered a project.
The following graphic illustrates the 100% upfront reconciliation and matching of company payments to ONRR revenue, as well as the distribution of revenue to recipients.

Figure 2. Upfront Reconciliation and Matching of Company Payments to ONRR Revenue

In this process, companies make payments to the U.S. Treasury and report those payments to ONRR on a monthly basis.

DOI Mainstreamed Processes and Controls

ONRR’s Internal Controls and Processes

The United States has a set of standards and internal controls that are aimed at achieving reliability and accuracy in payment collection, accounting, and reporting. In accordance with guidance from the U.S. Government Accountability Office (GAO) Green Book, these standards and internal controls are outlined as follows:

<table>
<thead>
<tr>
<th>Components of Internal Control</th>
<th>Principles</th>
</tr>
</thead>
</table>
| Control Environment           | 1. Demonstrate commitment to integrity and ethical values  
                              | 2. Exercise oversight responsibility  
                              | 3. Establish structure, responsibility, and authority  
                              | 4. Demonstrate commitment to competence  
                              | 5. Enforce accountability |
| Risk Assessment               | 6. Define objectives and risk tolerances  
                              | 7. Identify, analyze, and respond to risk  
                              | 8. Assess fraud risk  
                              | 9. Analyze and respond to change |
| Control Activities            | 10. Design control activities  
                              | 11. Design activities for information systems  
                              | 12. Implement control activities |
### Components of Internal Control

<table>
<thead>
<tr>
<th>Components of Internal Control</th>
<th>Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitoring</td>
<td>16. Perform monitoring activities 17. RemEDIATE deficiency</td>
</tr>
</tbody>
</table>

*Source: OMB Circular A-123*

**Internal Controls**

In addition to annual OIG audits, external third parties audit ONRR’s financial functions on an annual basis in accordance with generally accepted government auditing standards (GAGAS). Audits in the United States have a high standard of verification in the form of evidence for source documents and records, resulting in greater accuracy of payment and reporting information. Additionally, ONRR uses U.S. Standard Government Ledger (USGL) accounts to prepare external reports for the Office of Management and Budget (OMB) and the U.S. Treasury, which includes this financial information in its annual consolidated DOI Agency Financial Report. Finally, the Chief Financial Officer (CFO) Act requires annual audits of DOI’s financial statements, which include a thorough review of ONRR.

**OMB Circular A-123** is part of the DOI Agency Financial Report. Per this regulation, the secretary of the DOI must provide an assurance statement on the state of the DOI’s internal controls to the president and Congress. OMB, GAO, and Congress established the requirement for agencies to develop and maintain effective internal controls by issuing federal guidance, including OMB Circular A-123, *Management’s Responsibility for Internal Control*. Under this guidance, management is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of the Federal Managers’ Financial Integrity Act of 1982.

The A-123 process at ONRR begins with the director of ONRR issuing guidance to employees that outlines the compliance assurance activities that must be completed. ONRR’s Internal Review, Oversight, and Compliance (IROC) program provides leadership and technical support to ONRR employees as they complete the A-123 process. Program managers of each assessable unit (AU) in ONRR use DOI’s Integrated Risk Rating Tool (IRRT) to complete a risk assessment of their processes. With that information, IROC develops ONRR’s Three-Year Component Inventory and Annual Risk-Based Internal Control Review Plan (Three-Year Plan).

In order for ONRR to maintain compliance with OMB Circular A-123, it must complete the following activities:

- Submit entry-level risk assessments for each of the program directorates: director, deputy director, and directorate support office; audit and compliance management;
coordination, enforcement, valuation, and appeals; and financial and program management

- Document or update AU key business processes, risks, and internal controls in both narrative and flow chart form
- Identify, document, and test key controls of all processes that are significant to a line item on DOI's financial statements
- Perform DOI-directed and ONRR-directed internal control reviews (ICRs)
- Develop DOI-required information technology (IT) and overall annual assurance statements

Additionally, DOI has designed an **Integrated Internal Control Program** comprising the plans, methods, and procedures used to support its mission, goals, and objectives. DOI has a six-step approach for its Integrated Internal Control Program that aims to enable performance-based management and supports DOI’s mission, while addressing multiple legislative requirements.

*Figure 3. DOI’s Integrated Internal Control Program*

The goals of DOI’s Integrated Internal Control Program are to:

- Ensure senior management oversight and coordination at the department and bureau level
- Follow a structured approach for assessing the risks facing the organization
- Implement a risk-based approach that weighs costs and benefits
- Improve consistency and comparability of bureau internal control programs by refining internal control guidance and using standardized tools, templates, and training
- Improve the maturity of DOI's risk management and internal control practices

Lastly, ONRR has controls in place to determine if data submitted by extractive industries companies is reliable and accurate. These controls occur at different points in the data collection and analysis process, as depicted in the following graphic, and provide the foundation for ONRR's compliance reviews and audits.

*Figure 4. ONRR's Data Accuracy Process*

Data control and verification starts at the submission stage of extractive industries reporting. Royalty reports (i.e., Forms ONRR-2014 and ONRR-4430) and production reports (i.e., oil and gas operations reports (OGORs)) go through hundreds of upfront system edits and checks for individual companies before they are submitted and accepted into ONRR's financial systems. These edits help prevent companies from submitting incorrect data, such as erroneous lease agreement amounts, incorrect prices, mathematical errors, or missing data elements.

Once the data is submitted by companies, ONRR's data mining office analyzes and works with individual companies to resolve various types of reporting errors and anomalies. The data mining phase helps identify specific issues with Form ONRR-2014 and OGOR submissions, as well as identifies errors that occur across multiple companies. When such errors are identified, ONRR works to provide specific guidance to companies and/or establish improved internal
processes for data collection and review. Data mining focuses on resolving issues collaboratively with companies prior to any compliance review and/or potential audit by using a system-generated variance to identify the required workload.

Audit and Compliance Management Function

ONRR’s audit and compliance management (ACM) function is a part of the U.S. process for data accuracy and assurance. The ACM function serves to verify the accuracy of data reported to ONRR and examines statements, records, and operations of companies to verify compliance with lease instruments and established regulations, laws, and guidelines. The subsequent information detailed in this section is based on interviews with federal officials. This information was not independently verified by the IA.

ONRR’s ACM function uses a risk-based approach to conduct compliance reviews and audits. This approach uses a risk calculation tool to develop audit and compliance work plans and identify potential risks of noncompliance based on a number of proprietary indicators, including previous audits and compliance reviews and the significance of royalty dollars. The risk calculation tool stratifies the compliance of companies and properties into high-, medium-, and low-risk categories. ACM’s work is performed by more than 240 ONRR staff in six regional offices and 125 auditors working for states and tribal nations that have significant activity in extractive industries. The auditors on the State and Tribal Royalty Audit Committee perform audit and compliance reviews under the 202/205 cooperative agreements between ONRR, states, and tribes.

Through the ACM function, ONRR uses multiple evaluative techniques to determine if payments received from companies are for the appropriate amounts. These techniques include the following:

- **One month after sales of production**, a report and payment is due. At the time of the reporting, ONRR uses upfront system edits to verify royalty and production reports, including transportation and processing limits, multiple royalty rates, pricing edits, and agreement amounts.

- **One to two years after a payment**, ONRR uses data mining to increase the accuracy of company-reported data before the data is subjected to compliance reviews and audits. Missing reports, adjustment monitoring, adjustments to completed cases, and production volume comparisons are key components of data mining efforts to determine if company payments are accurate and verifiable.

- **Two to three years after a payment**, following the upfront-system edits and data mining, ONRR conducts compliance reviews and audits. Compliance reviews are used to examine issues and potential reporting errors after the upfront system checks and data mining. The compliance reviews are conducted two to three years after the original data
submissions to allow for adjustments and clarification of the data. In fiscal year (FY) 2016, ONRR completed more than 500 compliance reviews. Compliance reviews can come from a variety of sources, including a referral from another part of the agency, information obtained from the IRRT, or data anomalies found by the system.

Audits are performed based on source documentation or other verifying information obtained to analyze the completeness and accuracy of the production volumes, sales volumes, sales values, transportation and processing allowances, and royalty values reported by companies, in accordance with the reporting and valuation regulations. In FY 2016, the ACM function conducted 128 audits. ACM’s audit process timeline is outlined in Figure 5.

Figure 5. Audit Process Timeline for ACM

When ONRR discovers inaccurate payments or potential fraud, it has several enforcement mechanisms at its disposal, including alternative dispute resolution, litigation, and civil penalties.

Additional Audits by the State and Tribal Royalty Audit Committee (STRAC)

In addition to the ONRR’s audits, state government agencies also audit companies’ reported production and payments, and these state government agencies are in turn subject to controls and audits of their own. Likewise, tribes in the United States also complete audits and are subject to controls and audits of their own. This multilayered system of checks and balances strengthens the data’s reliability. Furthermore, STRAC works with ONRR to audit leases within its respective jurisdictions. STRAC consists of representatives from nine states and six Indian tribes. STRAC’s purpose is to help ensure proper royalty payments are made by oil, gas, and solid mineral companies. STRAC’s agreements are authorized under Sections 202 and 205 of the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), as amended by the Federal Oil
and Gas Royalty Simplification and Fairness Act of 1996 (FOGRSFA). STRAC helps further the accountability of money owed to its jurisdictions and improves the reliability of reported data.

**U.S. Bureau of Land Management (BLM) Controls**

BLM uses several methods and processes to ensure data accuracy and integrity when collecting rents, bonuses, and BLM permit fees.

First, the BLM Collections and Billings System (CBS) builds data integrity into the data collection system design. BLM uses CBS as a single point of entry for billings and collections data entry by field office personnel. CBS interfaces nightly with DOI’s Financial and Business Management System to allow exchange and posting of collection information to the general ledger. CBS uses BLM’s intranet to transmit collection information and includes several layers of security. In addition, CBS allows field personnel to enter any type of collection and organizes receipts into the correct accounts by natural resource category, subject, and action. BLM conducts continuous internal reviews and reports to ensure the timeliness, accuracy, and compliance of data entered into CBS.

Second, the Automated Fluid Minerals Support System (AFMSS) is a BLM-wide fluid mineral (i.e., oil and gas, geothermal, and helium) system with authorized use and inspection and enforcement support. AFMSS supports oil, gas, and geothermal lease operations on federal and Indian trust lands; post-lease operational approvals; well and facility data; inspection and enforcement data; and assessments and penalties for noncompliance and undesirable events (i.e., spills), as well as displays well production data (OGOR) collected by ONRR and data on customers (i.e., producers and operators). A number of reports supporting BLM business requirements are also included on a field office, state office, and national basis.

AFMSS contains oil, gas, and geothermal facility inspection and compliance data, including data related to preconstruction, drilling, production measurement and accountability, facility abandonment, undesirable events, enforcement actions (i.e., assessments and penalties), and inspection strategy information. AFMSS also contains the following: oil, gas, and geothermal leases; unit agreements; participating areas; communitization agreements; bond coverage; and drainage assessment data.

These assurance mechanisms and processes help BLM meet internal and external audit requirements and support accurate accounting and reporting.

**Office of Surface Mining Reclamation and Enforcement (OSMRE) Controls**

OSMRE uses the Internet-based Coal Fee Collection Management System (CFCMS) to report on 99% of U.S. coal production. The system is designed to prepopulate information about companies with coal-producing permits, thus reducing data entry error. The system contains numerous edits to ensure data accuracy, as well as automatically calculates fee amounts based
on the production data entered by companies. OSMRE also completes paper-based reports for the remaining 1% of U.S. coal production.

Internally, OSMRE conducts continuous reviews of both automated and manual data entered into CFCMS to ensure the timeliness, accuracy, and compliance of data.

Externally, OSMRE conducts independent reviews of CFCMS data during audits of coal company records. During such audits, OSMRE auditors review data entered into CFCMS against coal company records of reported tonnage to determine whether there are any discrepancies in the CFCMS data.

OSMRE’s Division of Compliance Management (DCM) performs audits of coal mining operations nationwide in accordance with GAGAS. These audits are performed using an internally developed automated audit program that is integrated with other OSMRE systems to increase efficiencies and reduce errors. DCM maintains an internal quality control system that is monitored on an ongoing basis to provide reasonable assurance that the policies and quality controls are appropriately designed and effectively applied. DCM’s audit plan uses a risk-based approach, prioritizing audits based on identified risk factors. The audit program is designed to promote timely and accurate reporting of coal tonnage and ensures correct fee payments. In accordance with the requirements of GAGAS, DCM is subject to a peer review every three years performed by an independent certified public accounting firm.

The efficiencies of the audit program and its related activities have enabled OSMRE to achieve a compliance rate of more than 99% at a minimal cost to the Abandoned Mine Land (AML) Fund. OSMRE’s process improvements and successful migration to electronic reporting has automated virtually all audit functions and eliminated 100% of data entry errors.

OIG Oversight
OIG provides independent oversight and promotes accountability within programs, operations, and management of the department. OIG performs the following functions:

- Oversees the contract with an independent certified public accounting firm to perform the annual DOI financial statement/CFO audit
- Conducts energy-focused reviews of DOI energy and mineral revenue programs
- Provides leadership and coordination and recommends policies for activities
- Identifies risks and vulnerabilities that directly affect DOI’s mission
- Keeps interested parties informed about deficiencies related to the administration of programs and operations and the progress of necessary corrective actions
- Reviews the activities related to the EITI initiative
### Additional DOI Controls

Various entities within DOI support the accuracy, reliability, and timeliness of data collection and reporting, as detailed in the following table:

<table>
<thead>
<tr>
<th>DOI Office</th>
<th>Responsibilities/Functions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial and Production Management</strong></td>
<td>• Collects, verifies, and distributes all royalties, rents, and bonuses  &lt;br&gt; • Receives, processes, and verifies industry-submitted royalty reports  &lt;br&gt; • Performs data mining functions  &lt;br&gt; • Receives, processes, and verifies industry-submitted production reports and error corrections for all federal and Indian production  &lt;br&gt; • Oversees meter inspections for production verification</td>
</tr>
<tr>
<td><strong>General Ledger (GL)</strong></td>
<td>• Accounts for billions of dollars collected and disbursed by ONRR, in accordance with GAAP  &lt;br&gt; • Processes payments  &lt;br&gt; • Prepares reports and reconciliations for the U.S. Treasury  &lt;br&gt; • Processes revenue-sharing disbursements to states and counties through the U.S. Treasury, as well as transfers to other federal agencies  &lt;br&gt; • Processes refunds of overpayments to lease holders  &lt;br&gt; • Provides the initial trial balance used to develop departmental financial statements  &lt;br&gt; • GL is subject to an annual financial audit by OIG</td>
</tr>
<tr>
<td><strong>Accounting Services</strong></td>
<td>• Defines accounts payable (AP) functions as either federal or Indian  &lt;br&gt; • Ensures revenue is received with correct information and proper recipients  &lt;br&gt; • Prepares disbursement data for the U.S. Treasury and the Office of the Special Trustee  &lt;br&gt; • Provides distribution and mineral revenue reports to federal agencies, states, tribes, tribal allottees, and other requesters</td>
</tr>
<tr>
<td><strong>Accounts Payable (AP) Federal</strong></td>
<td>• Oversees system processing of all payor reporting and payments  &lt;br&gt; • Works closely with recipient agencies, states, and counties to resolve issues and ensure timely distribution of shared revenue  &lt;br&gt; • Ensures AP federal processes are in compliance with federal statutes regarding mineral extraction on federal lands</td>
</tr>
<tr>
<td><strong>Accounts Payable (AP) Indian</strong></td>
<td>• Collects daily rents and royalties on behalf of Indian tribes and allottees  &lt;br&gt; • Works extensively with the Bureau of Indian Affairs (BIA), the Office of the Special Trustee for American Indians (OST), and recipient Indian tribes  &lt;br&gt; • Prepares a daily report of deposits for OST and a twice-monthly distribution report on leases held by individual Indian allottees  &lt;br&gt; • Works with OST and Indian tribes to answer questions and reconcile accounts, as needed  &lt;br&gt; • Works with ONRR's Indian outreach organization to resolve allottee issues</td>
</tr>
<tr>
<td><strong>Financial Services</strong></td>
<td>• Manages other related federal and Indian account reconciliations  &lt;br&gt; • Reconciles payments to receivables within customer accounts  &lt;br&gt; • Establishes receivables for mineral royalty reports  &lt;br&gt; • Identifies credit and refund actions and processes related paperwork</td>
</tr>
</tbody>
</table>
The U.S. Treasury and Federal Reserve System (the “Treasury”) serves as the sole provider of financial services for all U.S. federal agencies, including ONRR. Treasury maintains a centralized system of accounts for all federal agencies. The core tenet of this centralized system of accounts is that no single federal agency controls the receipt and payment of public funds. All federal agencies that handle government financial transactions must properly perform their functions to support internal government controls and the system of central accounts.

Treasury performs variance analysis and other reconciliations on transactions and balances contained within its systems. Treasury contacts ONRR with any questions it may have and can request ONRR justify or make changes to transactions or balances. DOI’s external auditor also samples deposit and disbursement data from all Treasury systems and traces that data back to originating lease documents within ONRR’s systems or other agency accounting advice.

To accomplish these ends, there are several primary systems maintained by Treasury that ONRR utilizes for cash flows, including the Collections Information Repository (CIR) for revenue collections, the Intra-Governmental Payments and Collections System (IPAC) for intragovernmental transfers, the Secure Payment System (SPS) for disbursements, and the Central Accounting Reporting System (CARS) for Treasury fund reconciliation.

ONRR receives the majority of its oil and gas revenue, as well as geothermal and solid minerals revenue through the CIR, which serves as a transaction broker, data warehouse, and reporting solution. CIR provides a single touchpoint to exchange all financial transaction information for settled transactions across all collections systems. This enables the U.S. government to normalize financial transaction reporting and standardize the availability of financial information across all settlement mechanisms and collections systems. CIR greatly improves the way ONRR collects, analyzes, and redistributes financial transaction information, which in turn eliminates redundancies and disconnects across and between the numerous point-to-point connections. CIR is a self-contained system with various related external system interfaces. CIR provides ONRR with revenue related to payments from the public sent via Fedwire, Pay.gov, automated clearing house (ACH), and check. All payment method transaction information submitted to ONRR is summarized daily into vouchers by CIR. CIR does not allow ONRR to create or alter deposit information.

Whereas CIR is used for revenue collected by ONRR from extractive industries companies, IPAC is used for oil and gas revenue collected by other federal agencies and transferred to ONRR. ONRR also uses IPAC to disburse revenue to other federal agencies in accordance with applicable statutes. The IPAC system’s primary purpose is to provide a standardized interagency fund transfer mechanism for federal program agencies (FPAs). IPAC facilitates the
intragovernmental transfer of funds, with descriptive data from one FPA to another. The IPAC system enables FPAs to exchange accounting and other pertinent information to assist in the reconciliation of funds transferred between FPAs for various interagency transactions (i.e., buy, sell, fiduciary, and other miscellaneous payment transactions). Sender and receiver Treasury account symbols/business event type codes (TAS/BETC) are validated in a shared accounting module (SAM) and transmitted to the CARS account statements at the time of IPAC origination. IPAC standardizes interagency payment, collection, and adjustment procedures through an Internet-based application.

The SPS is an application that allows government agencies to create payment schedules in a secure fashion, with strictly enforced separation of duties. Access to SPS is rigidly controlled by both Treasury and ONRR. SPS is ONRR's only avenue to disburse revenue from Treasury to state or local governments and to refund overpayments back to companies.

Lastly, ONRR uses the CARS to report and reconcile all collections and disbursement activity. CARS is a one-stop tool to:

- Provide and retrieve data and information from Treasury
- Capture and record TAS information for payments
- Deposit intragovernmental transactions
- Provide an account statement of the fund balance with Treasury
- Allow access to transaction details to support research and reconciliation
- Improve the usability and currency of government-wide financial information
- Minimize data redundancy and enhance data sharing between Treasury's central accounting system, financial service provider systems, and ONRR's core financial systems

ONRR reconciles the CARS fund balance with Treasury. ONRR's accounting system does this via reclassification of collection and disbursement transactions to identify the proper fund within Treasury. This reconciliation process is performed during the first three business days of each month. Any statements of difference between Treasury and ONRR are not permitted. All discrepancies and out of balances found must be corrected during the current accounting period, or a restatement is required for closed periods. CARS does not allow ONRR to create or delete transactions from the system.

Third-Party Audit Procedures
The annual agency financial report (AFR) provides important financial and performance information related to the stewardship, management, and leadership of the public funds and resources entrusted to DOI. Specifically, the report contains DOI's audited financial statements as required by the Chief Financial Officers Act of 1990. The audited financial statements include the custodial revenue managed by ONRR, OSMRE, and BLM. In FY 2016, DOI obtained an
unmodified opinion from its independent certified public accounting firm—this was the 20th consecutive unmodified opinion for DOI.

DOI adheres to strict audit and assurance procedures in order to fulfill its fiduciary trust responsibilities to the nation’s taxpayers, states, tribal affiliates, and local municipalities. The procedures outlined below reflect the best efforts to compile, structure, and summarize processes generally employed across DOI’s bureaus and offices to achieve the department’s overarching mission.

- First is an examination of the external and independent audit requirements used to evaluate DOI’s compliance with audit and assurance protocols.
- Next is a review of the department’s internal audit controls, audit and compliance activities, and peer review processes.
- Last is an examination of the department’s data and IT assurance mechanisms.

In engaging a third party to conduct its audit, DOI entrusts this independent auditor to conduct audits of the department’s general-purpose financial statements and closing-package financial statements in accordance with GAAP. The purpose of such an audit is the expression of an opinion as to whether the general-purpose financial statements that have been prepared by management conform with GAAP.

In the United States, such a third-party audit involves the following types of high-level activities:

- Performing procedures to obtain audit evidence about the amounts and disclosures in the general-purpose financial statements and closing-package financial statements
- Performing tests of the accounting records and assessing the risks of material misstatements of the general-purpose financial statements and closing-package financial statements, whether due to error or fraud, to provide a reasonable basis for opinions
- Evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management
- Evaluating the overall general-purpose financial statement and closing-package financial statement presentation

KPMG, LLP, DOI’s independent auditor, noted in one of the Independent Auditor’s Report, “In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of the Interior ... and its net
costs, changes in net position, budgetary resources, and custodial activity for the years then ended in accordance with U.S. generally accepted accounting principles."

The audit of ONRR and DOI was conducted in accordance with GAGAS. This framework is used for conducting high-quality audits with competence, integrity, objectivity, and independence. These standards are promulgated by the GAO.

Additional Oversight

In addition to external audits from third-party auditors, DOI and ONRR are subject to additional oversight related to the collection, distribution, and reporting of revenue. OIG provides oversight in a number of areas. OIG’s Office of Audits, Inspections, and Evaluations examines financial statements to determine if they are presented fairly and in accordance with GAAP. OIG’s Office of Investigations conducts, supervises, and coordinates investigations related to allegations of fraud, waste, abuse, or mismanagement of financial resources or that result in significant financial losses to DOI.

Ultimately, as members of the executive branch, DOI and ONRR are subject to congressional oversight. Congress has a constitutional responsibility and right to investigate the actions of the executive branch and can compel reports, witnesses, and testimony.

The U.S. Government Accountability Office (GAO)

GAO supports Congress in meeting its constitutional responsibilities and assists in improving the performance and accountability of the federal government. GAO’s work is done at the request of congressional committees or subcommittees or is mandated by public laws or committee reports, and includes the following activities:

- Audits agency operations to determine whether federal funds are spent efficiently and effectively
- Investigates allegations of illegal and improper activities
- Reports on how well government programs and policies are meeting their objectives
- Performs policy analyses and outlines options for congressional consideration
- Issues legal decisions and opinions
- Advises Congress and the heads of executive agencies on ways to make government more efficient, effective, ethical, and responsive
- Publishes a high-risk list (http://www.gao.gov/highrisk/overview)
- Its work leads to laws and acts that improve government operations

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The GAO comptroller general issues GAGAS, which were first published in 1972 and are commonly referred to as the “Yellow Book.” GAGAS cover federal entities and those organizations receiving federal funds. The most recent 2011 revision of Government Auditing Standards takes into account recent changes in other auditing standards, including IFRS.

GAGAS incorporates, by reference, the AICPA Statements on Auditing Standards (SAS) and Statements on Standards for Attestation Engagements (SSAE). Auditors may elect to use the International Auditing and Assurance Standards Board (IAASB) standards, the International Standards on Auditing (ISA), and International Standards on Assurance Engagements (ISAE) in conjunction with GAGAS.

The Auditing Standards Board (ASB) of the AICPA develops its SAS using the ISA as the base standard (ISAs are developed by the IAASB), and modifies the base standard only where modifications are deemed necessary to better serve the needs of the U.S. legal and regulatory environment. ASB field work and reporting standards for financial audit and attestation engagements are incorporated, by reference, into the “Yellow Book,” unless specifically excluded.

GAGAS, part 3.31 (2011), encourages internal auditors who work for management at audited entities to use the Institute of Internal Auditor’s (IIA) International Standards for the Professional Practice of Internal Auditing in conjunction with GAGAS.

GAO is a member of the professional standards committee of the International Organization of Supreme Audit Institutions (INTOSAI), which strives to establish an effective framework for professional standards that correspond to the needs of member SAIs. Only GAO, the IIA, and INTOSAI currently issue standards on performance and compliance audits. GAGAS incorporates compliance auditing in it performance auditing standards. INTOSAI has also issued a separate set of compliance audit standards.

Overview of Beneficial Ownership Requirements in the 2016 EITI Standard
The 2016 EITI Standard requires implementing countries to ensure companies disclose their beneficial owners, as well as politically-exposed persons holding ownership rights by 2020. The Standard recommends that beneficial ownership information be made available through public registers, and that at a minimum the information be included in the country’s annual report. The Standard first requires implementing countries to publish a roadmap outlining activities and preparations that the MSG considers necessary to implement beneficial ownership requirements. The USEITI MSG published this roadmap in January 2017 and shared it with the

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* The Standard outlines that this applies to corporate entities that bid for, operate or invest in extractive assets and that this disclosure should include the identities of beneficial owners (including name, nationality, and country of residence), the level of ownership and details about how ownership or control is exerted.
Current Status of Beneficial Ownership in the United States

There is currently no a single definition for beneficial ownership in the United States, nor is there an institutional framework for beneficial ownership disclosure, a specific framework for the level of detail of beneficial ownership information collected, or a single methodology for assessing the accuracy of the data. However, the U.S. does have a number of frameworks for the collection of beneficial ownership information, but data collection and requirements vary.

The first framework for collection is the corporate formation process. In the United States, individual states manage the corporate formation process. As such, information requirements for incorporation vary widely, but no states require persons forming corporations to name beneficial owners at the time of corporate formation. There are no mechanisms that capture, track, and manage beneficial owners at the state level. Some states do make certain data on incorporated companies public through online systems. There are no federal laws regulating incorporation.

At the federal level, three requirements provide an institutional framework for beneficial ownership information collection, but not disclosure. First, the U.S. Treasury’s Customer Due Diligence Rule\(^9\) requires U.S. financial institutions to know the real people who own, control, and profit from companies (beneficial owners) and to verify their identities. Whenever companies open a new account at a covered financial institution, the customer must disclose the identity of 1) each individual who owns 25% or more of the company and 2) any individual who controls the company. Second, legal entities that file federal taxes must obtain and have an Employer Identification Number (EIN). To do so, they must name a “responsible party.” A responsible party is generally defined as “the person who has a level of control over, or entitlement to, the funds or assets in the entity that, as a practical matter, enables the individual, directly or indirectly, to control, manage, or direct the entity and the disposition of its funds or assets.”\(^10\) Finally, the Securities Exchange Act of 1934 requires any person or group that acquires more than 5% beneficial ownership of public company equity securities must disclose its position within 10 days of crossing the threshold.

For extraction on federal lands, the Mineral Leasing Act of 1920 (MLA) and the Outer Continental Shelf Leasing Act (OCSLA) require companies to meet certain requirements pertaining to ownership. The MLA requires companies holding onshore federal mineral leases to meet citizenship and acreage requirements. For coal and leasable solid minerals, a 10% ownership in a partnership or association must be disclosed to ensure this compliance. For oil and gas, publicly traded partnerships and associations must certify that their constituent

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\(^10\) USEITI Beneficial Ownership Work Group meeting minutes, 2016
members who own more than 10% are in compliance with the MLA. There are no comparable requirements for geothermal. The OCSLA governs oil, gas, sulfur, other minerals, and renewables leased on the Outer Continental Shelf of the United States. It requires that bidders prove they are qualified to bid by demonstrating: 1) if an individual, that they are a citizen or national of the U.S. or an alien lawfully admitted for permanent residence, 2) if a corporation, that they are organized under the laws of a state or territory, or 3) if an association, that the association’s members must be qualified individuals or corporations. They don’t need to disclose underlying owners. Furthermore, to obtain a mining claim for locatable minerals (such as gold or copper) on federal lands one must prove that one is either a U.S. citizen, legal immigrant who has filed for citizen, business entity organized under the laws of the state, or an agent or person falling into those categories.

There is no authoritative source for beneficial ownership information of legal entities, given that there is no requirement for U.S. states to collect this information when a company is formed. For the information that is collected, there are a number of restrictions to its disclosure. Safeguarding personally identifiable information in possession of the government and preventing its breach are essential to ensure that the government retains the American public’s trust. This applies to CDD and EIN information collected, among others. All information collected on an EIN application is confidential and cannot be disclosed or used for any purpose other than U.S. Federal tax administration. SEC filings are public, given their intent to safeguard investors.

The United States does have significant statutes and regulations restricting U.S. government employee ownership of certain financial interests, requiring employee reporting on certain financial interests, and restricting employee participation in certain official government matters that would affect an employee’s personal or imputed financial interests or that might affect an employee’s personal or business relationships. These laws are outlined in the USEITI MSG’s beneficial ownership roadmap and are detailed in Appendix 3.

USEITI MSG’s Proposed Activities from Beneficial Ownership Roadmap

The USEITI MSG outlined these considerations and more in detail in its beneficial ownership roadmap. It also outlined a proposed timeline and objectives for meeting the beneficial ownership requirement. Details of these timelines and activities is outlined below:

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calendar Year 2017</td>
<td>The MSG agrees to working definition of beneficial owner and conducts a legal review of the legal barriers and enablers to public disclosure of beneficial ownership information under U.S. law</td>
</tr>
<tr>
<td>Year</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>2017 USEITI Reporting Season (March – August)</td>
<td>The MSG explores the possibility of requesting beneficial ownership information through the USEITI reporting template and collection of data for disclosure in the 2018 report (public companies may have the opportunity to indicate that beneficial ownership is done through periodic filings with the SEC, where appropriate, and, if it is determined, this disclosure is sufficient)</td>
</tr>
<tr>
<td>2017 and 2018</td>
<td>DOI and other relevant parties explore possibilities to request beneficial ownership information from companies engaged in bidding processes or otherwise operating in lands under its jurisdiction consistent with MLA, OCSLA, and/or other regulatory action within the power of the agency</td>
</tr>
<tr>
<td>January 2018</td>
<td>Assuming that the preceding was successful, USEITI report with 2017 data including results of beneficial ownership query is released</td>
</tr>
<tr>
<td>2018 USEITI Reporting Season</td>
<td>Assuming that the preceding was successful, a request for beneficial ownership information is included in the USEITI reporting template, and results will be included in the 2019 USEITI report</td>
</tr>
<tr>
<td>2018</td>
<td>The USEITI MSG explores the possibility of regulatory/legislation action related to the “invest in” provision of the beneficial ownership requirement</td>
</tr>
<tr>
<td>2019 USEITI Reporting Season</td>
<td>Assuming that preceding efforts were successful, a request for beneficial ownership information is included in the USEITI reporting template, and results will be included in 2020 USEITI report</td>
</tr>
<tr>
<td>2019</td>
<td>Assuming that preceding efforts were successful, DOI and other relevant parties seek to request beneficial ownership information from companies engaged in bidding processes or otherwise operating in lands under its jurisdiction consistent with the MLA, the OCSLA, and/or other regulatory action within the power of the agency</td>
</tr>
</tbody>
</table>
The USEITI MSG explores the possibility of regulatory/legislation action related to the “invest in” provision of the beneficial ownership requirement.

Assuming that the preceding was successful, reporting by entities bidding for activities and operating on lands in the jurisdiction of the MLA, the OCSLA, and/or other regulatory action within the power of DOI commences.

Assuming that preceding efforts were successful, reporting related to the “invest in” provision commences.

Conclusions of the Report and Recommendation on Mainstreaming

This feasibility study was prepared by the IA in consultation with the USEITI MSG and other stakeholders from government, industry and civil society. The following three primary conclusions reflect those consultations and a review of documents:

1. The United States has routine disclosures at the requisite level of detail for a significant amount of the data required by the EITI Standard and the terms of reference developed by the USEITI MSG. The U.S. government’s UDR covers all in-scope, non-tax payments received by the U.S. government, including payments from companies not in scope for USEITI, and covers royalties, rents, bonuses, and other revenue by revenue stream and company. The disclosure is available to the public through a data portal (https://useiti.doi.gov/downloads/federal-revenue-by-company/). The USEITI MSG and EITI International Secretariat have made significant efforts toward the usability and public awareness of the data portal. The EITI document, “Toward Mainstreaming Action Plan,” approved by the EITI International Board on October 25, 2016, specifically highlights USEITI’s data portal as an example of “the trend toward mainstreamed EITI implementation.”

That said, there are two areas in which there is not currently routine disclosure:

- Corporate Income Tax, which is an in-scope revenue stream, is not currently disclosed at the company level. Federal law, including Section 6103 of the...
Internal Revenue Code (26 U.S.C.), which provides for the confidentiality of tax returns and return information, prohibits unilateral disclosure by the U.S. government of taxpayer information at the company level. However, the U.S. Treasury does publicly disclose Corporate Income Tax on an aggregate basis by industry, including for the oil and gas and mining industries. Also, the IRS, which is under the U.S. Treasury umbrella, has the right to audit individual taxpayer returns. In addition, some companies voluntarily disclose Corporate income tax data as part of EITI reporting, to fulfill regulatory requirements in other countries, or as part of their own transparency reporting. Fuller tax disclosure would require either new legislation and/or expanded voluntary company disclosure. Based on consultations conducted in preparation of this report, the USEITI MSG members and other stakeholders did not see a path to either at this time.

- **Beneficial ownership disclosures are required by Section 2.5 of the EITI Standard starting on January 1, 2020.** There is an existing framework of Federal banking, securities, mineral extraction and other regulations which require routine disclosure of significant owners and “responsible persons” for U.S. companies in many situations. There are also existing ethics rules which require Federal employees to disclose financial interests in companies and limit conflicts of interest. (See page 30 for more detail). However, because companies can register in any of the 50 states, there is no single authoritative source for beneficial ownership information, and the level of disclosure at the state level varies widely. Based on consultations conducted in preparation of this report, the USEITI MSG members and other stakeholders did not see a legislative or regulatory path to create such a source at the present time.

Considered together, the system of internal controls, the disclosure of non-tax revenue through the UDR, and the disclosure of industry aggregates for Corporate Income Tax, the United States has routine disclosure of a significant amount of the data required under the 2016 EITI Standard. In the areas of Corporate Income Tax and Beneficial ownership, the EITI Board would need to decide if current routine disclosures meet the substance of the “agreed-upon” procedures for mainstreaming.

2. **In-scope financial data for the U.S. government and the majority of in-scope companies is subject to independent audit, applying international standards, as required by the EITI Standard and laid out in the “Mainstreaming Action Plan.”**¹¹ The U.S. government and companies (both public and private) generally have controls and systems of internal and external audit consistent with international standards.

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With respect to the external audit of DOI, OIG engages an external auditor to conduct an annual audit of ONRR’s financial functions. The external audit is conducted according to GAGAS, an internationally recognized standard. While the specific tests used in DOI’s external audit have not been disclosed, interviews with OIG and other DOI personnel indicate that source documents and records are used to verify the accuracy of financial reports. In addition to the external audit, DOI and ONRR are subject to oversight related to the collection, distribution, and reporting of revenue, including oversight from DOI’s Office of Audits, Inspections, and Evaluations and DOI’s Office of Investigations.

In addition, all publicly traded in-scope companies undergo external audits in accordance with international standards, either GAAP or IFRS, and disclose their financial statements and the results of their audits to the SEC. Privately held U.S. companies also generally undergo audits in accordance with international standards and may be audited by the IRS, although they are not required to publicly disclose their results. See Appendix 3 for available data on audits for all in-scope companies—both public and private.

3. **Internal controls exist to support the reliability and accuracy of payment collection, accounting, and reporting of in-scope data.** Internal processes and controls between the U.S. Treasury, DOI, and company payors are in place, including an upfront reconciliation of a large percentage of transactions, which compares the amounts owed to the amounts collected. These processes and controls are designed to monitor the accuracy and timeliness of revenue collection and reporting between the company payor and the U.S. government. This system of controls is also intended to reduce the opportunities for fraud by the company payors or U.S. government officials. The OMB Circular A-123 program, DOI’s Integrated Internal Control Program, and ONRR’s data accuracy efforts for Form ONRR-2014 and OGOR submissions are examples of the additional controls in place in the United States to support the reliability and accuracy of data. The ACM function within DOI serves to verify the accuracy of data reported to ONRR and examines statements, records, and operations of companies to verify compliance with lease instruments and established regulations, laws, and guidelines. Additionally, states and tribes in the United States maintain internal audit committees.

Recommendation for Mainstreaming and Next Steps

Based on available evidence, the USEITI MSG recommends that USEITI pursue mainstreaming.

The process for mainstreaming consists of seven phases: formal commitment, feasibility study, work plan, application, approval, implementation, and review. The United States has made the formal commitment to mainstreaming, and with the submission of this feasibility study, USEITI will proceed to the preparation of a mainstreaming application for review by the EITI International Secretariat. Prior to the submission of this application, the USEITI MSG will agree on a schedule for disclosure and assurance, including any capacity building and technical
assistance necessary; this will form the basis of USEITI’s application. An overview of the process is outlined below.

**Figure 6. USEITI Mainstreaming Process**

The mainstreaming process begins with commitment from the government and agreement by the MSG to explore this approach to implementation of the standard. The U.S. has already accomplished.

The next step would be a feasibility study: a rigorous assessment of the viability for mainstreaming disclosures by an independent and technically competent body in accordance with a Board agreed template terms of reference.

Next, the MSG will need to agree on a schedule for disclosure and assurance, including any capacity building and technical assistance necessary. This will form the basis of USEITI’s application.

Finally, with a workplan complete, the MSG must approve an application to the EITI Board seeking approval of the proposed workplan.

The Board must then approve the suggested approach.

With approval, USEITI can focus on implementation and reporting in accordance with the workplan, including annual reports that collate the requisite data and provide links to further information.

Every year the MSG will need to review the process.

As part of developing the mainstreaming work plan and application, the following steps will be necessary:

1. Documentation of commitment by the USEITI Secretariat to maintain the UDR and data portal to the current level of timeliness, comprehensiveness, and reliability for a reasonable period of time.

2. Agreement with the EITI International Board that the current disclosures of non-tax revenue and aggregate disclosure of Corporate Income Tax are sufficient for mainstreamed implementation for a reasonable period of time.

3. Agreement with the EITI International Board on continued adapted implementation with regards to subnational disclosures related to the federal nature of the United States.

4. Documentation of a process for periodic review of mainstreamed implementation by a multi-stakeholder group, either the current USEITI MSG or a new body that meets the requirements of Section 1.4 of the EITI Standard.
Appendix 1 — Stakeholder Interview Notes

Interviewees
The IA invited 11 USEITI MSG members and alternates from across civil society, industry, and government to engage in stakeholder interviews, and the following nine people agreed to participate:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Name</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Society</td>
<td>Danielle Brian</td>
<td>Project on Government Oversight</td>
</tr>
<tr>
<td>Civil Society</td>
<td>Keith Romig, Jr.</td>
<td>United Steelworkers</td>
</tr>
<tr>
<td>Industry</td>
<td>Veronika Kohler</td>
<td>National Mining Association</td>
</tr>
<tr>
<td>Industry</td>
<td>Phil Denning</td>
<td>Shell Oil Company</td>
</tr>
<tr>
<td>Industry</td>
<td>Aaron Padilla</td>
<td>American Petroleum Institute</td>
</tr>
<tr>
<td>Government</td>
<td>Greg Gould</td>
<td>Department of the Interior</td>
</tr>
<tr>
<td>Government</td>
<td>Curtis Carlson</td>
<td>Department of the Treasury</td>
</tr>
<tr>
<td>Government</td>
<td>Mike Matthews</td>
<td>State of Wyoming—Department of Audit</td>
</tr>
<tr>
<td>Government</td>
<td>Jim Steward</td>
<td>Department of the Interior</td>
</tr>
</tbody>
</table>

Responses
The interviews covered each individual’s goals for USEITI and the U.S. track record of reconciliation, as well as evaluated the data quality of USEITI as it relates to mainstreaming. Key takeaways from these interviews follow:
<table>
<thead>
<tr>
<th>Topic for USEITI</th>
<th>Sector</th>
<th>Takeaway</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goals for USEITI</td>
<td>Civil Society (CSO)</td>
<td>CSO representatives spoke about a range of goals for USEITI, including consolidating already available public data in an easily accessible place, creating a meaningful contextual narrative, revealing data not previously available to the public, and representing specific constituents. CSO representatives were split on how reconciliation fits into their goals. One interviewee expressed the view that reconciliation inherently compares company data to company data (i.e., government data was just company data provided to the government by the company). Another interviewee found reporting and reconciliation to be positive, with the exception of tax reporting and reconciliation. Neither interviewee saw mainstreaming specifically fitting into their goals for USEITI.</td>
</tr>
<tr>
<td>Goals for USEITI</td>
<td>Government</td>
<td>The U.S. government expressed a range of goals, including educating the public, participating and leading on the international stage, creating useful data for the public and the government, improving government operations, achieving a workable solution within U.S. laws, and achieving validation. The U.S. government did not see reconciliation as part of its goals, a value-add for the U.S. public, a valuable use of taxpayer money, an achievable reality for taxes, or valuable to USEITI as a whole. Mainstreaming was seen as the only feasible way for the United States to achieve validation. Mainstreaming is viewed as easier than reconciliation and likely to increase participation. The government believes U.S. audits and controls already achieve the purpose of reconciliation laid out in USEITI.</td>
</tr>
<tr>
<td>Topic</td>
<td>Sector</td>
<td>Takeaway</td>
</tr>
<tr>
<td>---------------</td>
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</tr>
<tr>
<td>Goals for USEITI</td>
<td>Industry</td>
<td>Industry representatives stated their goals for USEITI are to increase transparency and data accessibility to the public, increase public understanding and confidence, articulate the current state of U.S. management as a model internationally, and build trust with other sectors. Industry representatives did not see reconciliation as fitting materially with these goals and noted it was a check-the-box exercise and a waste of time. Mainstreaming is seen as essential by industry representatives and merited based on the current systems in place. Mainstreaming would save taxpayer money, reduce the burden on companies, and free up time to undertake activities more useful to the American public.</td>
</tr>
<tr>
<td>Track Record of Reconciliation</td>
<td>CSO</td>
<td>CSO representatives saw the U.S. track record of reconciliation as strong with regards to non-tax revenue, but tax revenue reconciliation was seen as weak and lacked reporting.</td>
</tr>
<tr>
<td>Track Record of Reconciliation</td>
<td>Government</td>
<td>The U.S. government saw the track record of revenue as very strong given the U.S. system of audits, controls, checks, and balances. The government viewed tax reporting and reconciliation as the biggest weakness, given the legal prohibitions against disclosure and the lack of company involvement. The U.S. government viewed the decline in the number of companies as an effect of broader market forces (the decline in prices for natural resources, as well as company bankruptcies) not specifically reflective of USEITI.</td>
</tr>
<tr>
<td>Topic</td>
<td>Sector</td>
<td>Takeaway</td>
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<tr>
<td>-------------------------------</td>
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</tr>
<tr>
<td>Track Record of Reconciliation</td>
<td>Industry</td>
<td>Industry representatives saw the U.S. track record of reconciliation as strong, given the audits, controls, and systems in place. Reconciliation helped prove the numbers match and that the United States has already mainstreamed. Industry representative did not view the decline in the number of companies as important; instead they saw reconciliation as having achieved its purpose of showing that dollars match. They also did not view the net decline as decreasing the amount of information available given data disclosures.</td>
</tr>
<tr>
<td>Evaluating U.S. Data Quality</td>
<td>CSO</td>
<td>CSO representatives saw the strength of U.S. data in government disclosures and the promise of government project-level disclosures, even if those are completed upon request. CSO representatives also noted that U.S. data was up to date and reliable. CSO representatives viewed the lack of tax reporting and reconciliation and the rescinding of Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (&quot;Dodd-Frank Act&quot;) as fatal weaknesses in U.S. data quality.</td>
</tr>
<tr>
<td>Evaluating U.S. Data Quality</td>
<td>Government</td>
<td>The U.S. government found U.S. data to be up to date, reliable (due to the stringent system of audits and controls in the United States), and comprehensive for non-tax revenue. The U.S. government noted that USEITI has achieved an unprecedented level of disclosure and that contextual narrative information helps make data comprehensible. The U.S. government viewed the lack of tax disclosure, given U.S. laws, as the chief weakness in U.S. data comprehensiveness and the rescinding of Section 1504 of the Dodd-Frank Act as fatal to U.S. hopes of achieving that kind of disclosure, and with it mainstreaming.</td>
</tr>
<tr>
<td>Topic</td>
<td>Sector</td>
<td>Takeaway</td>
</tr>
<tr>
<td>--------------------</td>
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</tr>
<tr>
<td>Evaluating U.S. Data Quality</td>
<td>Industry</td>
<td>Industry representatives articulated an extensive list of U.S. data quality strengths, including public accessibility, level of disaggregation, up-to-date nature, control- and audit-based reliability, contextual explanations of data, and the comprehensive release of appropriate data. Industry representatives generally saw less cause for concern with the rescinding of Section 1504 of the Dodd-Frank Act and articulated cases for how the United States could mainstream, given current controls and disclosures. They saw limited influence on U.S. companies due to EU directives related to disclosure.</td>
</tr>
</tbody>
</table>
Appendix 2 — Relevant U.S. Laws and Regulations

Select Laws Establishing the Fiscal Regime for Extractive Industries in the United States.

<table>
<thead>
<tr>
<th>Law Name and Code</th>
<th>Description</th>
<th>Relevant Lands or Waters</th>
<th>Relevant Natural Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Mining Act of 1872, as Amended</strong>&lt;sup&gt;12&lt;/sup&gt; (30 USC § 29 and 43 CFR 3860)</td>
<td>Provides the right to patent, meaning transfer to private ownership, federal land and natural resources for mining. Since October 1, 1994, Congress has imposed a budget moratorium on any new mineral patent applications.</td>
<td>Federal Onshore Lands (Public Domain)</td>
<td>Locatable hardrock minerals (e.g., gold, silver, and copper)</td>
</tr>
<tr>
<td><strong>Leases of Allotted Lands for Mining Purposes</strong>&lt;sup&gt;13&lt;/sup&gt; (25 USC § 396 and 25 CFR 212)</td>
<td>States that all lands allotted to Indians, except those made to members of the Five Civilized Tribes and Osage, may be leased for mining purposes for any term of years as may be deemed advisable by the Secretary of the Interior.</td>
<td>Indian Lands (Allotted)</td>
<td>Not specified</td>
</tr>
<tr>
<td><strong>Mineral Leasing Act of 1920, as Amended</strong>&lt;sup&gt;14&lt;/sup&gt; (30 USC 181 et. seq.)</td>
<td>Creates a system of leasing mineral resources on federal lands for extraction, and grants BLM the authority to administer mineral leasing.</td>
<td>Federal Onshore Lands (Public Domain)</td>
<td>Coal, oil, gas, oil or gas shale, sodium, potassium, phosphate, sulfur, and gilsonite</td>
</tr>
<tr>
<td><strong>Indian Mineral Leasing Act of 1938</strong>&lt;sup&gt;15&lt;/sup&gt; (25 USC § 396a et. seq.)</td>
<td>Opens unallotted lands within any Indian reservation for leasing for mining purposes by authority of the tribal council and approval from the Secretary of the Interior.</td>
<td>Indian Lands (Tribal)</td>
<td>Not specified</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Law Name and Code</th>
<th>Description</th>
<th>Relevant Lands or Waters</th>
<th>Relevant Natural Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mineral Leasing Act for Acquired Lands of 1947</strong>&lt;sup&gt;16&lt;/sup&gt; (30 USC § 351 et seq. and 43 CFR 3420)</td>
<td>Extends the Mineral Leasing Act of 1920 and the authority of the Secretary of the Interior to govern mineral leasing on federal acquired lands.</td>
<td>Federal Onshore Lands (Acquired)</td>
<td>Coal, oil, gas, oil or gas shale, sodium, potassium, phosphate, sulfur, and gilsonite</td>
</tr>
<tr>
<td><strong>Materials Act of 1947</strong>&lt;sup&gt;17&lt;/sup&gt; (30 USC § 601 et. seq.)</td>
<td>Also known as the Common Varieties Act, it regulates the sale and permitting of the most common hardrock minerals. It replaces the General Mining Law of 1872.</td>
<td>Federal Onshore Lands</td>
<td>Common hardrock minerals (e.g., sand, gravel, stone, pumice, cinder)</td>
</tr>
<tr>
<td><strong>Submerged Lands Act of 1953</strong>&lt;sup&gt;18&lt;/sup&gt; (43 USC § 1301 et. seq.)</td>
<td>Recognizes states’ rights to the submerged navigable lands within their boundaries, as well as the marine waters within their boundaries often defined as three geographical miles from the coastline.</td>
<td>State Offshore Lands</td>
<td>All natural resources</td>
</tr>
<tr>
<td><strong>Outer Continental Shelf Lands Act of 1953, as Amended</strong>&lt;sup&gt;19&lt;/sup&gt; (43 USC § 1331)</td>
<td>Gives the Secretary of the Interior responsibility for administering mineral exploration and development and other energy resources on the Outer Continental Shelf, subject to environmental safeguards. Mandates receipt of fair market value for mineral leasing.</td>
<td>Outer Continental Shelf</td>
<td>Oil, gas, and other minerals</td>
</tr>
<tr>
<td><strong>Geothermal Steam Act of 1970</strong>&lt;sup&gt;20&lt;/sup&gt; (30 USC § 1001 et. seq.)</td>
<td>Allows the leasing of federal land under BLM’s administration for geothermal resource development, excluding prohibited lands.</td>
<td>Federal Onshore Lands</td>
<td>Geothermal</td>
</tr>
</tbody>
</table>

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<sup>17</sup> [http://legcounsel.house.gov/Comps/Act%20of%20Ju%201931,%201947.pdf](http://legcounsel.house.gov/Comps/Act%20of%20Ju%201931,%201947.pdf)  
<sup>18</sup> [http://www.ioeeg.gov/uploadedFiles/submerged.pdf](http://www.ioeeg.gov/uploadedFiles/submerged.pdf)  
<sup>20</sup> [http://www.gpo.gov/fdsys/pkg/STATUTE-84/pdf/STATUTE-84-Pg1566.pdf](http://www.gpo.gov/fdsys/pkg/STATUTE-84/pdf/STATUTE-84-Pg1566.pdf)