

The NewsRoom

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MMS Earns Highest Opinion from Independent Review

Peer Review Examines Quality of Federal Audits

DENVER – An independent review of the Minerals Management Service’s auditing program resulted in no significant findings, earning the bureau the highest rating that can be rendered.

The peer review, conducted by the firm of Thompson, Cobb, Bazilio & Associates, covered the period from Jan. 1, 2005, through May 31, 2008, and examined the internal controls associated with audits performed by the Minerals Management Service (MMS) of royalty payments made to the government by the energy industry.

“This review clearly shows MMS has the process in place to ensure the Nation receives fair value for our energy resources,” said MMS Director Randall Luthi.

In its written opinion, Thompson, Cobb, Bazilio & Associates found that “the system of quality control for the Federal Audit Function of MMS in effect for the period January 1, 2005, to May 31, 2008, has been designed to meet the requirements of the quality control standards established by the Comptroller General of the United States for a Federal Government audit organization and was complied with during this period.”

The review examined the quality control procedures and policies in place within the Compliance and Asset Management (CAM) organization of MMS, and whether those controls conformed to Generally Accepted Government Auditing Standards (GAGAS). This is the second consecutive peer review of MMS that has resulted in the highest rating.

Luthi noted that the audit program has been very successful in collecting additional monies that are due to the Federal Government from energy production that occurs on Federal and American Indian onshore lands and in the Outer Continental Shelf (OCS).

-In Fiscal Year 2005 through 2008, MMS closed 1,423 audits, and from Fiscal Year 2005 through 2007 collected additional revenues of \$432.6 million for all compliance activities, including the collection of late payment interest.

MMS, through its Minerals Revenue Management program, manages the collection, verification and disbursement of revenues associated with the leasing and production of oil, natural gas, alternative energy and other minerals on onshore Federal and American Indian lands and Federal offshore lands on the OCS.

Each month, approximately 2,100 companies report and pay royalties associated with more than 28,000 producing Federal and Indian leases.

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