

STATEMENT OF RICHARD T. CARDINALE  
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UNITED STATES DEPARTMENT OF THE INTERIOR  
BEFORE  
THE UNITED STATES HOUSE OF REPRESENTATIVES  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM  
SUBCOMMITTEE ON THE INTERIOR, ENERGY, AND ENVIRONMENT

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Chairman Farenthold, Ranking Member Plaskett and members of the Subcommittee, thank you for inviting me today to discuss leadership and management at the Bureau of Safety and Environmental Enforcement (BSEE) within the Department of the Interior (Department). My name is Richard Cardinale and I am currently the acting Assistant Secretary for Land and Minerals Management at the Department. Prior to serving in this role, I was the Chief of Staff for the Assistant Secretary.

BSEE's mission is to promote safety, environmental responsibility and resource conservation on the Outer Continental Shelf through regulatory oversight and enforcement. BSEE has been in existence for a little more than five years. Since its inception, the organization has taken a variety of constructive steps toward creating a stable and mature organization while carrying out this critical mission and we look forward to working with the new Administration to answer the President's call to examine how the services we provide can be made more efficient and effective.

A critical element in the Bureau's maturation process has been its commitment to strategic planning, which the Bureau considers a top priority as evidenced by the Bureau's development of two strategic plans to guide its growth. The Bureau's current strategic plan addresses both operational and organizational excellence. The three organizational excellence goals focus on valuing, engaging, and supporting all BSEE employees; making data-driven decisions based on quality information; and promoting transparency through processes that ensure consistency, efficiency, accountability, and collaboration. In the last five years, the Bureau has made significant progress that aligns with its strategic plans in addition to conducting its day-to-day operations. Over the past year, the Bureau approved over 700 permits and conducted over 20,000 offshore inspections. The Bureau has issued permit decisions in a timely manner to facilitate offshore energy development and it upheld the Department's statutory obligation to inspect every offshore facility to ensure these activities are conducted in a safe and responsible manner.

The Bureau continues to have an unprecedented level of engagement with industry and other stakeholders to address the many recommendations that were provided by the various investigations stemming from the *Deepwater Horizon* tragedy. Subsequent investigations and analyses by various advisory bodies of the events that led to and occurred onboard the *Deepwater Horizon* produced many reports making numerous recommendations for industry, government, and others to improve offshore safety. Eleven reports from nine different advisory bodies are relevant to the Department of the Interior. Of the 353 recommendations provided by these nine advisory bodies, 275 of them dealt with reforms to federal oversight of offshore oil and gas development. With the creation of BSEE in 2011 and the Bureau's subsequent five years of work, the Department has addressed 217 – or 80 percent – of these recommendations. Additionally, BSEE has received 93 recommendations from the Government Accountability Office (GAO) and the Department's Office of the Inspector General (OIG). 80 of these recommendations have been addressed by the Department, including 44 from the OIG's New Horizon report. The major safety and regulatory reforms that BSEE was able to enact through these efforts have led to demonstrable improvements in offshore safety and environmental protection.

Because BSEE is a relatively new agency with a critically important mission, it has frequently been placed under the microscope and has been the subject of much scrutiny. The Bureau has consistently demonstrated a commitment to responding to recommendations and improving areas that were underdeveloped under its predecessor organization, the Minerals Management Service. BSEE has addressed recommendations made by the GAO, including a series of recommendations that advised the Bureau to improve hiring and retention of key oil and gas oversight positions.<sup>1</sup> BSEE responded to and resolved these recommendations and is now fully staffed, having implemented new initiatives to recruit, train, and retain the highly-qualified technical expertise the Bureau relies on to carry out its mission. BSEE's career management team is very proud of this and many other accomplishments and the effect they have had in enhancing the protections that are afforded offshore workers and the United States' marine and coastal environments.

The Department and the Bureau acknowledge that the organization still has room for improvement and faces challenges with respect to its management and internal communication processes. However, as the GAO highlighted in a forum on organizational transformation, “the experiences of successful major change management initiatives in large public and private sector organizations suggest it can often take at least 5 to 7 years until such initiatives are fully implemented and the related cultures are transformed in a sustainable manner.”<sup>2</sup> Further, the

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<sup>1</sup> U.S. Gov. Accountability Office, GAO-14-205, *Interior Has Begun to Address Hiring and Retention Challenges but Needs to Do More* (2014). <http://www.gao.gov/products/GAO-14-205> (listing the status of the recommendation as “Closed-Implemented”).

<sup>2</sup> U.S. Gov. Accountability Office, GAO-03-293SP, *Mergers and Transformation: Lessons Learned for a Department of Homeland Security and Other Federal Agencies* Appx. I, 5 (2003). <http://www.gao.gov/assets/240/236371.pdf>.

political turnover and frequent leadership changes that tend to occur in this length of time make “it difficult to obtain the sustained and inspired attention to make needed changes.”<sup>3</sup> With that in mind, the current status of BSEE’s programs and activities and the Bureau’s progress towards improving them should be considered in the context of an agency that recently celebrated its fifth year of existence.

In addition to the aforementioned efforts by BSEE to improve its management and operations, the Bureau has further demonstrated its commitment to continuing its maturation process by engaging the National Academy of Public Administration (NAPA) to conduct an independent evaluation of the organization. The outcome of this study, conducted by an independent, Congressional-chartered organization providing public and private sector expertise, was made publicly available on March 17, 2017.

In its report, NAPA notes:

“BSEE has established itself as a new federal entity; strengthened programs for the protection of safety and the environment and the conservation of OCS resources; improved core mission responsibilities for inspection and permitting; enhanced relationships with other federal entities; modernized and addressed gaps in regulations and policy; realigned the organization to promote consistency and transparency internally and with stakeholders; nearly achieved recruitment and hiring goals to attract highly skilled employees; and established partnerships to promote technical competencies.”<sup>4</sup>

The study also found areas for continued improvement around the common themes of a need for effective processes and practices, increased collaboration and communication, and continuation of planning efforts such as the strategic plan working group and the foresight initiative. NAPA’s recommendations provide tangible steps that BSEE can take to improve its oversight, management, and communication capabilities. These recommendations go hand in hand with Secretary Zinke’s priorities of restoring trust between Interior’s bureaus and the constituencies they serve and to foster improved lines of communication from headquarter offices to the professionals in the field. The bureau is committed to fulfilling the Secretary’s vision.

As previously mentioned, the Department is committed to working with the GAO to improve the effectiveness and efficiency of its bureaus. In doing so, it is essential that both entities operate on complete and accurate information so that the best use of government resources is made. As a result, tangible and meaningful recommendations can be developed and implemented. In furtherance of this goal, BSEE has asked that the GAO consider the clarifications, updates, and

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<sup>3</sup> U.S. Gov. Accountability Office, GAO-03-669, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations* 9 (2003). <http://www.gao.gov/assets/240/238749.pdf>.

<sup>4</sup> National Academy of Public Administration, *Bureau of Safety and Environmental Enforcement: Strategic Organizational Assessment* 16 (2017). <http://www.napawash.org/2017/1934-bureau-of-safety-and-environmental-enforcement-strategic-organizational-assessment.html>

new information the Bureau has provided in its response to the most recent draft report examining several of BSEE's programs for offshore oversight and internal management.

The Department would also like to underscore the progress made in responding to past GAO recommendations. We understand that BSEE still faces challenges internally in how it develops and communicates management initiatives. Externally, however, the Bureau has made great strides in effectively serving the industry that it regulates, its many stakeholders, and the American public.

We stand ready to work with the new administration to improve our operations and carry out the Department's statutory mandate, in the most efficient way possible, to enforce safety and environmental regulations on the Outer Continental Shelf.

In closing, I want to underscore our commitment to working to strengthen the effectiveness of our organizational improvement initiatives. We appreciate the valuable service that the GAO provides to ensure that our government operates efficiently and responsibly. I thank the Subcommittee for allowing me the opportunity to testify on behalf of the Department, and I look forward to your questions.