



The United States Extractive Industries
Transparency Initiative

IA 2015 Recommendations

December 16th 2015

Deloitte.

IA Recommendations 1 & 2

EITI Standard Requirement 5.3 (f): “The Independent Administrator may wish to make recommendations for strengthening the reporting process in the future...”

1

Scoping

The USEITI candidacy application identified scoping assumptions for year one and calls for scoping to be revisited in year two.

At the beginning of the 2016 reporting period, the MSG should thoroughly scope:

- Reporting companies
- Revenue streams
- Commodities to be included in the 2016 USEITI Report

2

Reporting Entity Communication

The knowledge and understanding of reporting companies increased throughout the reconciliation process. MSG outreach was effective and appreciated, and the amount of communication that companies received was a large driver of their understanding of the process.

The MSG should consider additional outreach and communication channels regarding the USEITI reporting and reconciliation process. Specifically:

- The 90-day reporting period for the 2015 USEITI should be extended to 120 days, with communication prior to that period.
- Webinars focused on tax reporting and reconciliation should be conducted (in addition to those on revenue reporting) for tax professionals in reporting companies and include Treasury and IRS participation.

IA Recommendations 3 & 6

EITI Standard Requirement 5.3 (f): “The Independent Administrator may wish to make recommendations for strengthening the reporting process in the future...”

3

Revised Approach for Reconciliation

Given the scale and complexity of the US extractive industries, preparation of reconciliation data consumed significant time and resources of both the government and reporting companies. Some areas of the reconciliation consumed significant time with minimal results. For example, reconciling BLM Permit Fees consumed significant time despite the fact that the amounts involved were relatively small and there were no unexplained variances.

The MSG should consider alternative options for reconciliation that could satisfy requirements of the EITI Standard with a lower investment of time and cost in the reconciliation process. Specifically, the IA can support the MSG to develop options for consideration by the EITI International Secretariat, including:

- A sample based reconciliation approach
- Development of a portal in which reporting companies can confirm whether revenue reported as part of the unilateral disclosure match company records.

6

Determine Steps to Increase Company Reporting

The levels of reporting were 31 out of 45 companies for DOI revenue and 11 out of a maximum of 41 applicable companies for corporate income taxes. The 2016 USEITI Report should seek to achieve meaningful progress for full reporting and reconciliation for in-scope companies and revenue streams.

The MSG, with support from the IA, should discuss, consider, decide, and act upon steps to increase participation by companies in the USEITI reporting and reconciliation process for DOI revenue and for corporate income taxes.

IA Recommendations 4 & 5

EITI Standard Requirement 5.3 (f): “The Independent Administrator may wish to make recommendations for strengthening the reporting process in the future...”

4 Enhanced, Phased Roll Out for the Online Report

The MSG aims to make data and information available to the general public in an engaging and user-friendly manner.

The MSG should increase the percentage of the contextual narrative that lives solely online, as well as create a phased rollout for future online content updates, preferably on a quarterly basis. Moving additional content online would allow for a more engaging and accessible presentation of the contextual narrative information. The MSG could implement awareness campaigns framed around quarterly updates to the online report, which could generate increased public engagement.

5 Increased State, Local, and Tribal Contextual Narrative

In the United States, extractive industries have impacts at the local level. Some communities are more dependent on certain industries than others, and the local legal and fiscal regimes vary widely.

The MSG should increase state, local, and tribal contextual narrative content to provide citizens with the information most relevant to them and their local communities. In particular, the MSG should include information about legal and fiscal frameworks to portray different approaches to managing natural resources and extraction.



The United States Extractive Industries
Transparency Initiative

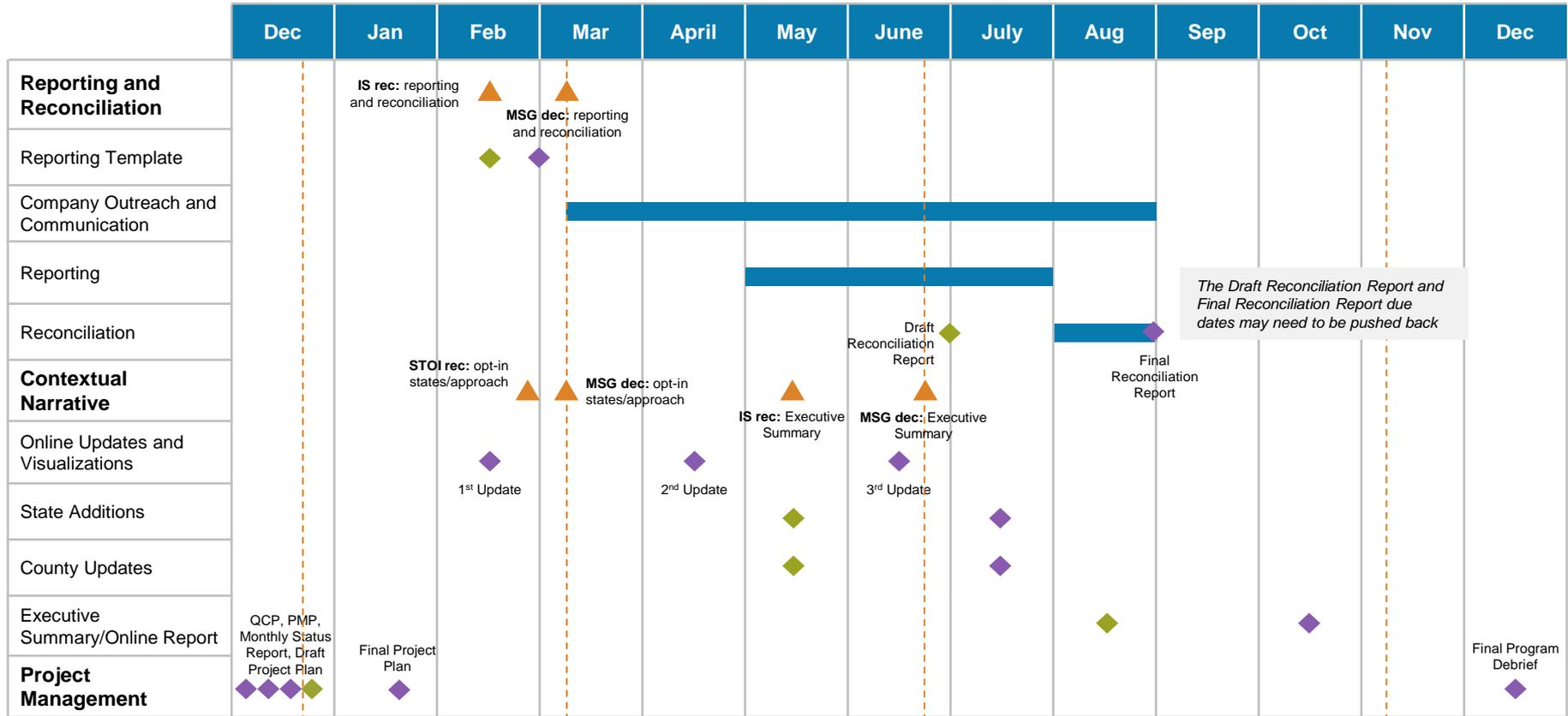
MSG Direction Needed and Draft 2016 Timeline

December 16th 2015

Direction Needed by March MSG Meeting

	Critical Path Recommendations and MSG Decisions	MSG Decision?	Time Needed By	Plan for Handling Recommendations and Decisions
Reporting and Reconciliation	Scope/Reporting Template: revenue streams, company materiality, commodities	Y	3/8	Implementation Subcommittee makes a recommendation in January/February, MSG makes a decision in March
	Margin of Variance	Y	3/8	Implementation Subcommittee makes a recommendation in January/February, MSG makes a decision in March
	Impact of draft SEC rule on tax reporting	Y	3/8	Implementation Subcommittee makes a recommendation in January/February, MSG makes a decision in March
	IA recommendations from 2015 report (changes to reconciliation process)	Y	3/8	Implementation Subcommittee makes a recommendation in January/February, MSG makes a decision in March
	Communications and outreach approach for companies	N	3/8	Implementation Subcommittee makes a recommendation in January/February
Contextual Narrative	Online Report Quarterly Update 1	N	Early January	Implementation Subcommittee or Online Report Advisory Committee makes a recommendation in early January (IA will provide a starting point recommendation)
	Online Report Quarterly Update 2	N	Late February	Implementation Subcommittee or Online Report Advisory Committee makes a recommendation in late February (IA will provide a starting point recommendation)
	Online Report Quarterly Update 3	N	Late April	Implementation Subcommittee or Online Report Advisory Committee makes a recommendation in late April (IA will provide a starting point recommendation)
	Opt-in States and Approach	Y	3/31	State and Tribal Opt-in Subcommittee makes a recommendation about the opt-in approach and identifies opt-in states in January/February, MSG makes a decision in March (based on opt-in approach submitted to the International Secretariat, IA will provide starting point recommendations)
	Approach to County Updates	N	Late March	Implementation Subcommittee confirms approach to County Updates by late March (IA will provide starting point recommendations)
	Executive Summary Approach	Y	May	Implementation Subcommittee makes a recommendation for approach in May (IA will provide starting point recommendations), MSG makes a decision on the approach in June

Draft 2016 Timeline



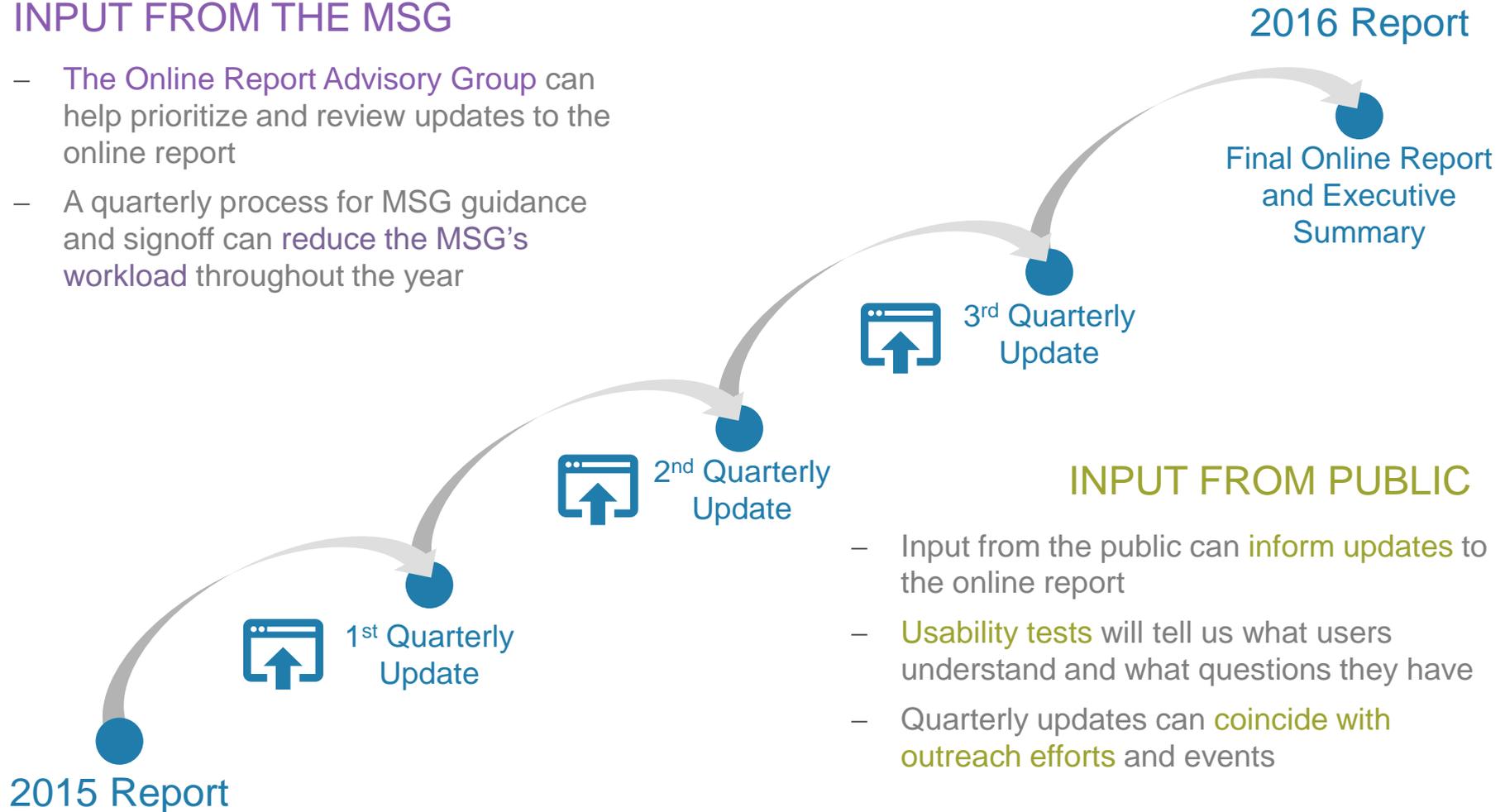
The Draft Reconciliation Report and Final Reconciliation Report due dates may need to be pushed back



Contextual Narrative Process in 2016

INPUT FROM THE MSG

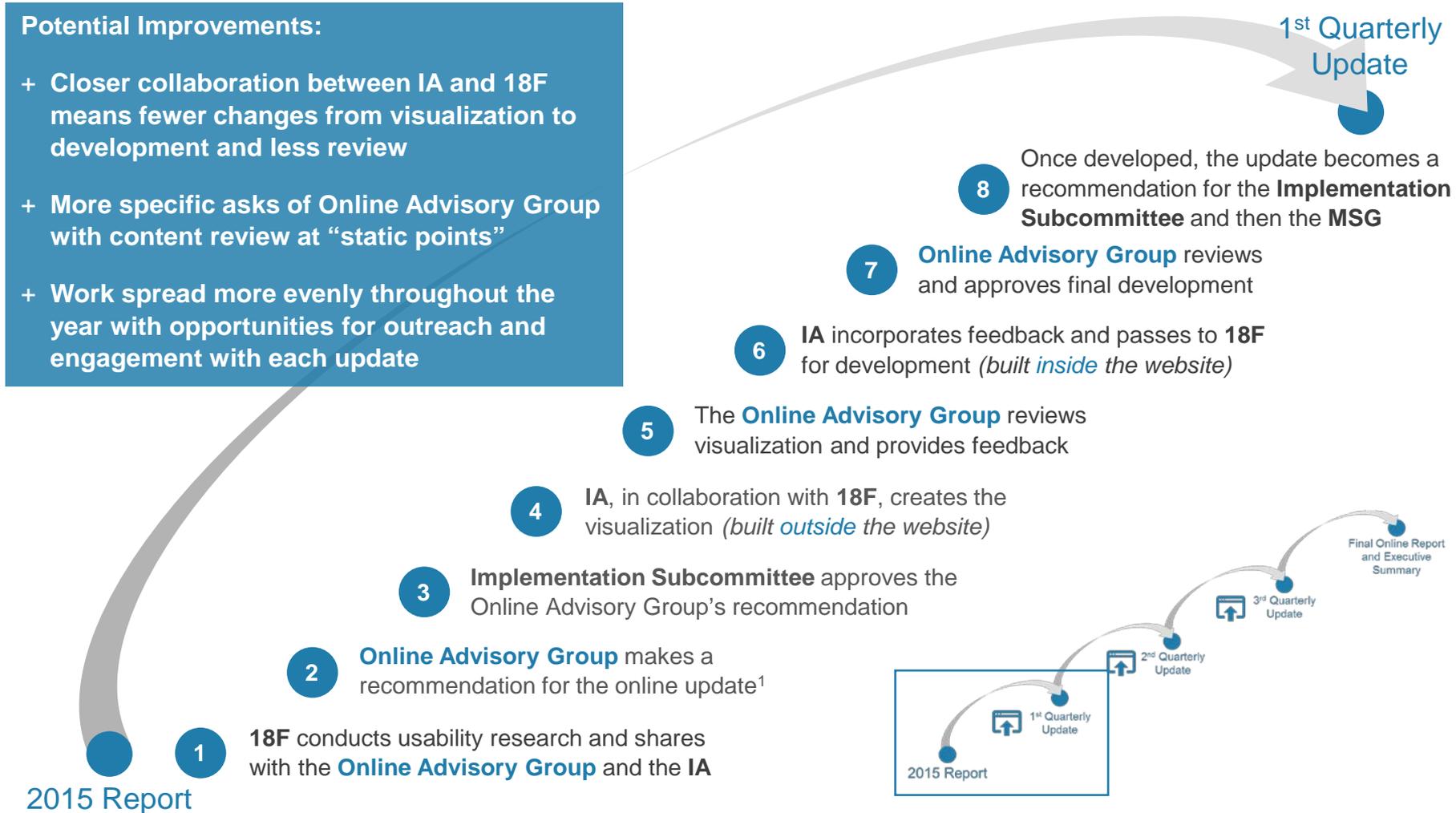
- The Online Report Advisory Group can help prioritize and review updates to the online report
- A quarterly process for MSG guidance and signoff can reduce the MSG's workload throughout the year



INPUT FROM PUBLIC

- Input from the public can **inform updates** to the online report
- **Usability tests** will tell us what users understand and what questions they have
- Quarterly updates can **coincide with outreach efforts** and events

Contextual Narrative Process in 2016



¹ Based off of usability research, stakeholder feedback, and the EITI Standard; IA will provide a starting point recommendation.