UNITED STATES EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE MULTI-STAKEHOLDER GROUP ADVISORY COMMITTEE MEETING MAY 20-21, 2015

SUMMARY OF PROCEEDINGS

U.S. DEPARTMENT OF THE INTERIOR PREPARED: JUNE 2015

I. Introduction

The U.S. Department of the Interior (DOI), with Paul Mussenden presiding as acting DFO, convened the fourteenth meeting of the U.S. Extractive Industries Transparency Initiative (USEITI) Multi-Stakeholder Group Advisory Committee (MSG) on May 20-21, 2015 in Washington, DC. The purpose of the meeting was to obtain updates on the work of the Implementation, State and Tribal Opt-In, and Communications Subcommittees; engage with the Independent Administrator and receive an update on its work; and move forward with efforts to advance from candidate to compliant country status under EITI requirements.

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II. Summary of Decisions, Approvals, and Action Items

A. Decisions

- The MSG endorsed the recommendation of the Contextual Narrative Work Group to include the presented information in the USEITI Report to fulfill the requirement around federal revenue sustainability. *(see page 14)*
- The MSG endorsed the Contextual Narrative Work Group's proposal to use counties and/or county clusters totaling twelve for the county narratives in the 2015 USEITI Report. *(see page 16)*
- The MSG endorsed the Project-level Reporting and Template Work Group's proposal for the margin of variance to be used in the 2015 USEITI Report. *(see page 21)*

B. Approvals

- The MSG approved the February 2015 MSG meeting summary. *(see page 4)*

- The MSG approved the Update to the International Secretariat prepared by the State and Tribal Opt-in Subcommittee for inclusion in the USEITI 2014 Annual Activity Report. *(see page 9)*
- The MSG approved the submission of the USEITI 2014 Annual Activities Report, including the plan for subnational and tribal participation, to the International Secretariat, pending the co-chairs final review, editing, and approval. *(see page 10)*
- The MSG approved the plan to sunset the Contextual Narrative Workgroup and the Template and Project Level Workgroup.
- The MSG approved the formation of the Audit and Assurance Practices Work Group under the Implementation Subcommittee. *(see page 7)*
- The MSG approved the repurposing of the Contextual Narrative Work Group as the USEITI Report Work Group to assist with the full USEITI report. *(see page 12)*
- The MSG approved the formation of the Tax Information Work Group under the Implementation Subcommittee. *(see page 19)*

C. Action Items

- **Co-Chairs:**
  - Review and distribute meeting summary from May 2015 MSG meeting.
  - Finalize the 2014 USEITI Annual Report.
  - Develop agenda for September 2015 MSG meeting.
  - Review and revise the membership of the three subcommittees and their work groups. *(see page 7)*
- **USEITI Secretariat:**
  - Inquire with the US Department of State about the availability of funding sources that could support travel expenses for civil society organizations to attend EITI International Board Meetings and similar conferences. *(see page 5)*
- **State and Tribal Opt-In Subcommittee:**
  - Invite a state and a tribe to make presentations at the September 2015 MSG meeting. *(see page 11)*
  - Develop a standard set of questions to guide presentations to the MSG by state and tribal representatives. *(see page 11)*
- **Industry Sector:**
  - Nominate a representative to the Audit and Assurance Practices Work Group. *(see page 7)*
- **USEITI Report Work Group**
  - Further direction on the structure, content, and data at the county level to be included in the county narratives. *(see page 17)*
- **Audit and Assurance Practices Work Group**
  - Provide draft text about audit and assurance practices by June 9 to the Implementation Subcommittee, which will in turn provide its recommended text to the Independent Administrator by June 17. *(see page 24)*

- Coordinate the holding of a webinar for payor companies with the Independent Administrator. *(see page 24)*

- **Tax Information Work Group**
  - Consider options to meet the EITI Standard on tax reporting given various outcomes relates to the USEITI's current approach of requesting participation. *(see page 20)*
  - Explore the incorporation of 13 "reversal codes" that allows payors to make amendments or corrections to tax filings into USEITI reporting. *(see page 20)*
- **CBI:**
  - Create a draft meeting summary for the May 2015 MSG meeting.
- **Independent Administrator (Deloitte):**
  - Develop messaging quickly to communicate with payor companies around the margin of variance. *(see page 23)*

III. Presentations and Key Discussions

Mr. Paul Mussenden, Acting Designated Federal Officer (DFO), U.S. Department of the Interior (DOI), opened the meeting and welcomed participants. All individuals in attendance introduced themselves. A full attendance list can be found in Section VI – Meeting Participants, page 26.

A. USEITI MSG Business

1. Terminology and USEITI February 2015 Meeting Summary

Mr. Paul Mussenden, DOI, reminded meeting participants that the MSG had agreed to employ three terms to differentiate between different types of actions that the MSG takes:

- "Decisions" will indicate significant actions and agreements by the MSG.
- "Approvals" will indicate lower-level decisions by the MSG, such as approving work plans, meeting summaries, process changes or additions, etc.
- "Confirmations" will confirm decisions that the MSG has previously made.

In addition, the MSG approved the meeting summary of the February 2015 MSG Meeting without additional comment or edit. A copy of the final, approved meeting summary is available at: http://www.doi.gov/eiti/FACA/upload/USEITI-MSG-Feb-2015-Mtg-Summary-Sectors-IA-Comments-150422.pdf.

- **Approval: The MSG approved the meeting summary from the February 2015 USEITI MSG meeting.**

2. Personnel Updates and USEITI Membership Continuity Plan

Mr. Paul Mussenden reported that Ms. Debbie Gibbs Tschudy had retired from the Department of the Interior and thereby also vacated her seat on the USEITI MSG. He lauded her productive contributions to USEITI and her other services to the US

Government. Mr. Mussenden announced that Mr. Jim Steward, Program Director of ONRR's Financial and Production Management, will take Ms. Gibbs Tschudy's seat on the MSG.

Ms. Judy Wilson, ONRR and USEITI Secretariat, reported that Michael Gardner from Rio Tinto may replace Mr. Brent Roper as a primary representative from the Industry sector on the MSG once he is vetted by the White House, cleared, and appointed to the MSG. In addition, Mr. John Harrington will be replacing Mr. Bob Reynolds as a primary representative from the Industry sector on the MSG (Mr. Harrington was previously an alternate member). Mr. Mark Smith may be resigning as an alternate member to the MSG from the Industry sector and that would leave two vacancies for alternate seats from the Industry sector. Edward Vonegan may fill one, and his nomination to serve on the MSG is currently being vetted by the White House. Finally, the CSO sector also has two alternate vacancies. For those two CSO seats, Daniel Dudis and Zorka Milin are both being vetted by the White House and may be appointment to the MSG once cleared.

Ms. Wilson noted that the White House currently has a backlog of 28 weeks for processing nominations and requested that sectors submit their nominations promptly. She also reported that the USEITI Secretariat will be submitting the re-nomination of primary MSG members and alternates. Some will be submitted for periods of three years and others for periods of two years, in order to stagger the memberships periods of MSG members.

Mr. Michael Flannigan, Peabody Energy, inquired whether his replacement would likely be approved by the September MSG meeting, as he is intending to step down after the May MSG meeting. Mr. Mussenden expressed his hope that all pending nominations would be approved by the September MSG meeting.

3. EITI International Update

Mr. Paul Mussenden and Mr. Greg Gould, ONRR and Government Sector MSG Co-Chair, provided a summary report of their trip to the EITI International Board Meeting in the Congo and the Democratic Republic of the Congo. Messrs. Mussenden and Gould reported that their presentation was well received by the members of the International EITI Board. They also reported that trends among EITI countries appear to be about increasingly moving towards online reporting, as USEITI is doing. Mr. Mussenden also reported that the International Board reviewed Azerbaijan's status as EITI compliant, particularly around concerns of inadequate participation by the civil society sector in that country's EITI program, and decided to move Azerbaijan back to "candidate" status.

In response to Messrs. Mussenden's and Gould's comments, MSG members asked the following questions and made the following comments; *responses from Mussenden and Gould are provided in italics*:

- Ms. Veronika Kohler, National Mining Association and Industry Sector MSG Co-Chair, inquired whether the International Board seems to be moving in a

direction of being less prescriptive in its requirements for EITI compliance. *Mr. Mussenden responded that those discussions about being less prescriptive are in very preliminary stages. Mr. Gould added that the current EITI requirements remain in place for the time-being. Mr. Mussenden noted that the International Board is also discussing how the benefits of EITI implementation can be measured, including in terms of improving countries' governance in areas beyond those immediately relevant to the extractives industries.*

- Ms. Johanna Nesseth Tuttle, Chevron Corporation, inquired whether Messrs. Mussenden and Gould had received any feedback on the efforts of the USEITI MSG to make the US Report relevant to domestic constituencies. *Messrs. Mussenden and Gould reported that the International Secretariat is using the US approach to its report as an example for many other countries and that the balance that the US is attempting between the written report and the online report is being received very favorably. Mr. Gould noted that, while the US approach is receiving favorable feedback, USEITI will still need the 44 reporting companies for the 2015 report to provide their information to the Independent Administrator to complete the US report.*
- Ms. Danielle Brian, Project on Government Oversight and Civil Society Sector MSG Co-Chair, asked whether there is funding available for civil society organizations to travel to the International Board meetings in order to share a measure of equal presentation by the U.S. Industry and Government sectors in these meetings. *Mr. Mussenden responded that he is not aware of any funding dedicated for that purpose. The United States supports the EITI Multi-Donor Trust Fund. The USEITI Secretariat can ask the State Department for further information.*
- Mr. John Harrington, ExxonMobil, noted that the USEITI MSG is providing an example for other countries around the world in terms of its level of cooperation.
- Ms. Rebecca Adamson, First Peoples Worldwide, suggested that the focus in the USEITI process and Report around the inclusion of indigenous peoples be highlighted and promoted more robustly by the participants in the US process as doing so could elevate the stature of indigenous peoples around the world.

4. Review of Overall 2015 Timeline

Ms. Judy Wilson, ONRR, presented a timeline for completing various components of USEITI work in 2015. The timeline presented by Ms. Wilson is available at: http://www.doi.gov/eiti/FACA/upload/USEITI-2015-Subcommittee-Timeline-slide5_19_15-2.pdf.

In response to Ms. Wilson's comments, Ms. Veronika Kohler suggested that the written portion of the USEITI 2015 Report be regarded as a summary, companion document to the full USEITI 2015 Report, which will be available online. Mr. John Harrington suggested that the two weeks allotted for review of the draft USEITI Report by the MSG,

between August 3 and August 17, be extended, particularly in light of the likelihood of many MSG members being on vacation in August.

5. Subcommittee and Work Group Constitution and Membership

Based on the evolving needs of USEITI and ongoing changes in membership of the MSG, Mr. Greg Gould requested that the MSG Co-Chairs, the USEITI Designated Federal Officer, and the USEITI Secretariat work to review and revise the membership of the three subcommittees of the MSG and their work groups.

In addition, Mr. Gould suggested that the Implementation Subcommittee house the following work groups going forward:

- USEITI Report Work Group (previously the Contextual Narrative Work Group)– *see Sub-section "*Presentation and Discussion of Contextual Narrative Outline and Online Component of USEITI Report*," page 12.*
- Tax Information Work Group (new) – *see Sub-section: "*Independent Administrator's Update*," page 19.*
- Audit and Assurance Practices Work Group (new) – *see Sub-section: "*Audit and Assurance Practices*," page 24.*
- Work Plan Work Group (preexisting)

B. State and Tribal Opt-In Subcommittee Update

The State and Tribal Opt-In Subcommittee proposed an approach for subnational and tribal participation in USEITI that will be submitted to the EITI International Secretariat and welcomed Mr. Tom Crafford, Alaska Governor's Office, to make a presentation to the MSG.

1. Proposal for Subnational and Tribal Participation in USEITI

Ms. Danielle Brian introduced Mr. Ryan Ellis, Interstate Mining Compact Commission, to provide an update on the Subcommittee's work.

Mr. Ryan Ellis, Interstate Mining Compact Commission, provided an overview of document that the Subcommittee drafted to provide an overview of subnational and tribal participation in USEITI to the EITI International Secretariat. He explained that the document articulates a proposed three-tier opt-in strategy as well as a rationale underpinning that strategy. The three-tier strategy is as follows:

1) Tier 1: The MSG will establish a point of contact with the subnational or tribal government.
2) Tier 2: A member of the subnational government may submit a formal nomination during an open nomination period if the entity wishes to join the MSG.
3) Tier 3: The subnational government will undertake enhanced Opt-In, if it voluntary chooses to.

The rationale underpinning this three-tier strategy is that, based on research and consultations with states and tribes, an effort to reconcile payments at a state or tribal level will not be possible or, in some cases, legal for USEITI to undertake unilaterally. In this institutional context, the three-tier opt-in approach will encourage subnational and tribal participation by allowing each subnational and tribal government to engage to the level practicable for their unique circumstances. This approach will maximize engagement of subnational and tribal entities, and achieve EITI's goal of transparency of resource revenue information, without imperiling the forward momentum of USEITI. In addition to the tiered opt-in approach, USEITI plans to achieve the goals and requirements of the EITI Standard by utilizing two new and substantial data sources: the Department of the Interior's online data portal, released in December, 2014; and the Contextual Narrative, which will consolidate, explain and share information about subnational and tribal resource revenues. The Update to the International Secretariat prepared by the State and Tribal Opt-in Subcommittee and summarized by Mr. Ellis is available at: http://www.doi.gov/eiti/FACA/upload/USEITI-Subnational-Opt-In-Position-Piece-5-6-15-cleandrft.pdf.

Ms. Danielle Brian added that the Subcommittee's recommendation to the MSG is that USEITI present its plan for subnational and tribal participation in USEITI to the International Secretariat and, unless it hears negatively from the Secretariat, move forward with implementing its plan.

Ms. Johanna Nesseth Tuttle noted that the Subcommittee worked hard to craft the proposed plan and that all three sectors agreed that this would be the best way to move forward. She noted that the USEITI MSG should be comfortable looking different from the Standard due to its request of adapted implementation in its application for EITI candidacy. Mr. Paul Mussenden added that the MSG has worked hard to secure participation from states and tribes, which should satisfy USEITI's commitments under adapted implementation.

In response to Mr. Ellis', Ms. Brian's, and Mr. Nesseth Tuttle's comments, MSG members made the following comments:

- Ms. Rebecca Adamson noted that private ownership of mineral rights exists both on tribal lands and on non-tribal lands in the United States. As such, USEITI should note the various ways in which the tribal context is similar and is different from the non-tribal context in the U.S.
- Mr. John Harrington expressed support for the proposed plan. He added that, while the U.S. system is very decentralized, some other countries, such as Germany and Canada, also have decentralized systems.
- Mr. Mike Matthews, State of Wyoming, and Ms. Marina Voskanian, California State Lands Commission, both explained how mineral revenues are managed in their respective states, noting that the systems are different from state to state and that implementation of EITI in the states will need to be individually tailored to each state's context.

- Ms. Veronica Slajer, North Star Group, suggested that each MSG meeting feature a presentation from a different state about how it manages collection and reporting of mineral revenues. Each presenter could be given a standard list of questions that the MSG is interested in. Mr. John Harrington suggested that tribes could similarly be invited to make presentations at USEITI MSG meetings.

- **Approval: The MSG approved the Update to the International Secretariat prepared by the State and Tribal Opt-in Subcommittee for inclusion in the USEITI 2014 Annual Activity Report.**

2. Comments from Tom Crafford, Alaska Governor's Office

Mr. Tom Crafford introduced himself as a staff member of the Alaska Governor's Office and previously with the state Department of Natural Resources. He noted that Alaska is a resources state, with 90 percent of the state's revenues resulting from extractives development. He noted that, while the Department of Natural Resources administers land and issues leases for minerals development the Department of Revenue collects revenues and it should likely be the Department of Revenue that serves as the State's primary contact with USEITI. Mr. Crafford noted that, because extractives are such an important part of the state's economy, transparency around extractives development is very important in Alaska. Citizens particularly pay attention to what happens with management of the Permanent Fund, from which they receive annual dividends, and other transparency efforts include a number of online databases with revenue information, annual publication of the Revenue Resources Book, and annual publication of the Alaska Mineral Industries Report. Mr. Crafford explained that the State of Alaska is paying close attention to USEITI and that it embraces EITI's principles of openness and transparency.

In response to Mr. Crafford's comments, MSG members asked the following questions; *responses from Mr. Crafford are indicated in italics*:

- Mr. Veronika Slajer asked Mr. Crafford to speak about how Alaska engages its citizens in decision-making around resource development. *Mr. Crafford noted that the Alaska Native Claims Settlement Act created Alaska Native regional corporations that are economic powerhouses in the state. He also noted that the Alaska National Interest Lands Conservation Act created parks and preserve and a particular sense of land ownership. Under the Alaska Statehood Act, the State received a large entitlement of land that dwarfs the landholdings of any other state. The State coordinates permitting of extractives development in a way that is coordinated by the Office of Project Management and Permitting in the Department of Natural Resources. The permitting and public comment processes for a given project are coordinated to simplify public participation and comment.*
- *Ms. Veronica Slater noted that the State of Alaska has withdrawn from participation in the voluntary National Coastal Zone Management Program in 2011,* affecting local participation in permitting. *Mr. Crafford noted that this has had the impact that smaller projects, which previously were offered some*

coordination under the Coastal Zone Management Program, no longer have that sort of coordination, and also that the large parts of the state that are unincorporated also have less coordination than they did before Alaska withdrew from the program.

- Ms. Danielle Brian inquired as to the benefits from transparency that Alaska and the extractives industries operating in Alaska have seen. *Mr. Crafford replied that transparency is just the way that Alaska does things and that it is critical for the state and its people.* Mr. John Harrington noted that, based on his experience working in Alaska during the 1980s, there was significant potential for corruption in Alaska with such extensive new revenues flowing into the state. However, the processes and procedures put in place have ensured a transparent and trusted system.

C. Review and Approval of USEITI 2015 Annual Activities Report to the International EITI

Mr. Patrick Field, facilitator of the USEITI MSG from the Consensus Building Institute, provided an overview of the USEITI 2015 Annual Activities Report, noting that the report was prepared by CBI and the USEITI Secretariat. He explained that the State and Tribal Opt-In Subcommittee has proposed that its plan for subnational and tribal participation be included as an addendum to the Annual Activities Report when it is submitted to the EITI International Secretariat (*see sub-section "*Proposal for Subnational and Tribal Participation in USEITI*" on page 7 & 8, above*). Mr. Field noted that the MSG Co-Chairs would finalize the incorporation of the plan for subnational and tribal participation into the Annual Activities Report. Mr. Field noted that there are final edits needed in the document and suggested that the MSG allow the co-chairs to review, edit, and finalize the report to the International prior to its deadline of 1 July 2015.

- **Approval: The MSG approved the submission of the USEITI 2015 Annual Activities Report, including the plan for subnational and tribal participation, to the International Secretariat, pending final review by the co-chairs.**

D. Communications Subcommittee Update

Ms. Veronika Kohler provided an updated on the work of the Communications Subcommittee. She noted that the State and Tribal Opt-in Subcommittee had already spoken about outreach to and communications with states and tribes, and that they would continue that work. In addition, Ms. Kohler stated that a USEITI communications package has been sent to every member of the National Governors Association, US Senate, and US House of Representatives. She also reviewed recent outreach activities to reporting companies and noted that companies are in contact with the Independent Administrator. Ms. Kohler indicated that the Communications Subcommittee intends to postpone holding weekly meetings closer to the finalization of the first USEITI report, when additional work will be needed to publicize the release of the report. Ms. Kohler's

presentation slides are available at: http://www.doi.gov/eiti/FACA/upload/EITI-Outreach-Presentation-for-May-MSG-2015.pdf.

In response to Ms. Kohler's comments, MSG members asked the following questions and made the following comments; *responses from Ms. Kohler are indicated in italics*:

- Mr. Paul Mussenden and Mr. John Harrington suggested that the Communications Subcommittee think about and prepare a plan for publicizing the release of the 2015 USEITI Report. *Ms. Kohler responded that the MSG has approved a communications strategy and action items for publicizing the release of the 2015 USEITI Report and that these are included in the Communications Plan. She noted that the Subcommittee will advance the release plan in detail later in the fall.*
- Ms. Johanna Nesseth Tuttle noted that many of the USEITI teams, such as the Communications Subcommittee, the Contextual Narrative Work Group, and others, seem to be at an inflection point and are awaiting further developments with the USEITI Report. She suggested that the other Subcommittees and Work Groups consider and discuss their strategies for the next six months. In contrast, the State and Tribal Opt-In Subcommittee's work continues steadily and it may make sense to invite states and tribes to present at upcoming MSG meetings.
- Ms. Veronica Slajer additionally suggested that a standard set of questions be developed to guide the presentations made to the MSG by invited states and tribes.
- Members concurred that inviting both a state and tribal entity to present at each MSG meeting, is possible, with a consistent set of guiding questions, would be useful

E. Contextual Narrative Update

Mr. Keith Romig, United Steelworkers, provided an introduction and overview of recent work on developing the Contextual Narrative portion of the USEITI Report. He stated that the Contextual Narrative Work Group has been working hard to make decisions around various issues. The Work Group has generally reached agreements around the use of government data sources and the inclusion and definition of revenue sustainability. The Work Group continues to work on which sources to include for employment data, with input from the Co-Chairs pending. Mr. Romig also noted that the Work Group would be reconvening for a meeting on June 2 to resolve outstanding issues just identified given sectoral comments received this morning on the Independent Administrator's draft of the Contextual Narrative.

The MSG's further discussions around the Contextual Narrative included information about the Contextual Narrative and the online portion of the USEITI Report, Federal Revenue Sustainability, State- and County-level Revenue Sustainability, County selection, and County Narratives.

1. Presentation and Discussion of Contextual Narrative Outline and Online Component of USEITI Report

Ms. Isabelle Brantley, Independent Administrator team member from Deloitte, and Michelle Hertzfeld, GSA 18F, together presented information about the Contextual Narrative and the online portion of the USEITI Report.

Ms. Brantley began by providing an overview of recent progress of the Contextual Narrative Work Group, including four areas in which the Work Group had recently reached agreement and employment data sources that the Work Group is considering. In addition, Ms. Brantley presented a proposed outline for the written component of the USEITI 2015 Report, consisting of sections providing contextual narrative information and sections about the reconciliation of revenue data.

Ms. Hertzfeld and Ms. Brantley together provided information about the online component of the USEITI 2015 Report, as well as how the written and online reports will fit together and complement one another. They reviewed the orientation of the USEITI Report as an attempt to answer questions that members of the public have about the extractives industries in the United States. They provided examples of how the written component of the USEITI Report will serve as a stand-alone summary document of the more detailed and extensive online component of the USEITI Report, and introduced a revised design for the online data portal (which will host the online Report). The revised data portal is being redesigned to incorporate contextual narrative information and to make the information presented more accessible and easily understood.

Mses. Brantley's and Hertzfeld's presentation slides are available at: http://www.doi.gov/eiti/FACA/upload/USEITI_Contextual-Narrative_May-MSG_Final_051815-1.pdf.

MSG members engaged in the following discussion in response to Mses. Brantley's and Hertzfeld's presentation:

Many members of the MSG applauded the progress that the Work Group has made and the sample visuals included in the presentation slides.

Data Sources: In response to a question from Ms. Johanna Nesseth Tuttle about which data sources are being used, Ms. Brantley explained that country-level data available on the website will be for all counties, but given that shear breadth, only include federal data from federal data sets. However, the county profiles developed as part of the Contextual Narrative, will draw on federal and sub-national data sources. Ms. Hertzfeld agreed with Ms. Nesseth Tuttle's suggestion that all data sources be clearly indicated. Mr. Paul Mussenden noted that work is still ongoing on better integrating data from diverse federal agencies (such as BOEM, BSEE, BLM, etc.) for inclusion in the online report.

Creation and Review of Content: In response to questions from Mr. Michael Flannigan and Ms. Veronika Kohler about the creation and approval of content and structure for both the online and written portions or the report, Mr. Greg Gould explained that the Contextual Narrative Work Group has been reviewing text developed by the Independent Administrator for inclusion both online and in the written report. Mr. John Mennel, Independent Administrator team member from Deloitte, added that the Independent Administrator team mapped the contents of the Contextual Narrative matrix (previously approved by the MSG) into an outline for the Contextual Narrative, including a delineation of which components would be included online and which ones in the paper report, for consideration by the Contextual Narrative Work Group. All content of both the online and paper reports is reviewed and approved by the Contextual Narrative Work Group, and all content is scheduled to receive a final approval from the MSG at its September meeting. Mr. Mennel also noted that more "connective tissue" needs to be included to provide the reader with context for the information that is included. Mr. Keith Romig suggested that the MSG create a delegation structure to approve iterative changes to the online report in the future in order to ensure that it remains updated and useful.

Structure of Report: Ms. Veronika Kohler questioned the separation of the Contextual Narrative and the Revenue Reconciliation portions of the report as presented by Ms. Brantley in her slides and asserted that the Contextual Narrative portion of the report is more important than the reconciliation portion of the report in the US context. After Mr. Bugala noted that the Civil Society sector does not necessarily share the assessment that the Contextual Narrative portion of the report is more important, Ms. Kohler clarified that, as presented by the Independent Administrator, it seems that the Contextual Narrative and reconciliation portions would each be allotted equal space in the USEITI Report. Mr. Romig noted that the Independent Administrator's outline, including the number of headings describing the respective sections, does not necessarily indicate the length of the written sections. Mr. Harrington clarified that the two components of the USEITI Report would more accurately be described as the "Contextual Narrative" and the "revenue" portions, with revenue reconciliation information feeding in the revenue portion of the report. Mr. Greg Gould noted that revenue reconciliation is a core component of the EITI Standard and that the US cannot be compliant with the Standard without undertaking and publishing information about reconciliation.

Relationship Between the Printed and Online Components of the USEITI 2015 Report: Ms. Veronika Kohler expressed support for the framing of the printed report as a summary of the more-detailed content contained in the online report. Ms. Johanna Nesseth Tuttle articulated the importance of having the printed report as a stand-alone document. Ms. Danielle Brian agreed with Ms. Nesseth Tuttle. Ms. Kohler suggested that the printed report focus on speaking to stakeholders and interested readers in the US, while those portions of the EITI Standard that are not of interest to domestic audiences but are needed for compliance with the EITI Standard be included only online. Ms. Isabelle

Brantley expressed concern that the MSG may be created a false dichotomy between requirements needed for compliance with the EITI Standard and those portions of the report useful to the U.S. public.

Design of Online Data Portal / Online Component of 2015 Report: In response to a question from Ms. Danielle Brian about how the listening sessions were conducted around the redesign of the online data portal, Ms. Hertzfeld explained that the team from 18F and Deloitte iteratively printed mockups of the website and solicited feedback from people in their respective offices to improve the design.

Content and Design Suggestions:

- Mr. Paul Mussenden suggested that the data portal / online report include a prominent statement on the homepage stating that resources on federal lands are owned by all Americans.
- Ms. Veronika Kohler suggested that the data portal / online report include a link on the homepage to easily download the summary report.
- Mr. Keith Romig suggested that the online report be designed such that links to outside sources automatically open in new browser tabs.
- Ms. Rebecca Adamson noted that the US has adopted the UN Declaration on the Rights of Indigenous Peoples and that the USEITI MSG is the only one in the world that has set aside seats on a MSG for indigenous peoples. She suggested that highlighting this could be important for indigenous people around the world and that it be included in the Report. Mr. Greg Gould supported this suggestion.

Based on the discussion, Mr. Greg Gould suggested that the Contextual Narrative Work Group of the Implementation Subcommittee be sunsetted and that a new work group, the USEITI Report Work Group, be formed. Mr. Keith Romig responded that the Contextual Narrative Work Group needed to conclude outstanding work of coordinating with the Independent Administrator about content and design of the Contextual Narrative, and suggested that the USEITI Report Work Group would more properly be framed as a repurposing of the existing Contextual Narrative Work Group. The members agreed that the Contextual Narrative Work Group should finish its work in the coming weeks and then be repurposed to move forward with the whole US EITI 2015 report (whether on-line or in writing).

- **Approval: The MSG approved the repurposing of the Contextual Narrative Work Group as the USEITI Report Work Group.**

2. Presentation and Discussion of Federal Revenue Sustainability

Ms. Judy Wilson presented information about how the Contextual Narrative Working Group proposes to comply with requirements from the EITI Standard that the US report document the sustainability of federal revenues from the extractives sector. She reviewed the Federal Accounting Standards Advisory Board, which has promulgated accounting standards for oil and gas resources under the Statement of Federal Financial

Accounting Standards (SFFAS) #38 and for coal under FASAB Technical Bulletin 2011-1. Under these accounting standards, the Department of the Interior determines and annually updated the valuation of federal oil and gas and coal reserves and publishes this information in the form of Citizen Reports. Ms. Wilson's presentations slides are available at: http://www.doi.gov/eiti/FACA/upload/FASAB-Federal-level-sustainability-March-2015-1-1.pdf.

In response to Ms. Wilson's presentation, MSG members made the following comments and asked the following questions; *responses from Ms. Wilson are indicated in italics:*

- Mr. John Harrington expressed appreciation for the Interior Department's work in this area and agreed that it should be referenced in the USEITI Report.
- Ms. Susan Ginsberg, Independent Petroleum Association of America, cautioned that the presence of reserves does not indicate that companies will necessarily develop those reserves. As such, the government may not collect the full value of the royalties contained in projections. Mr. Keith Romig and Ms. Veronika Kohler noted that this difference between proven reserves on federal lands, the reserves that a company leases, and the amount that companies develop may not be obvious to lay readers and so should be clearly differentiated in the report.
- MSG members discussed and noted that this data from BLM and the US Energy Information Administration is the only government source of proven reserves.
- In response to questions from MSG members about the source of the information presented by Ms. Wilson and the process by which it came to be presented in the MSG meeting, Mr. Greg Gould clarified that the Contextual Narrative Work Group first drafted recommendations for the Implementation Subcommittee, which in turn is proposing the inclusion of this information to fulfill an EITI requirement to the MSG.

➢ **Decision: The MSG endorsed the recommendation of the Contextual Narrative Work Group to include the presented information in the USEITI Report to fulfill the requirement around federal revenue sustainability.**

3. Presentation and Discussion of State- and County-level Revenue Sustainability

Mr. Keith Romig presented about the Contextual Narrative Work Group's and the Implementation Subcommittee's recommendation to the MSG about providing information about county-level revenue sustainability. Mr. Romig recounted that the Independent Administrator is seeking to quantify or note qualitatively various sources of county revenues as well as primary impacts and costs. Locating quantitative data at the county level can be a challenge due to the limitation on only using publicly-available government data sources. Mr. Romig also noted that price volatility can make it difficult for local jurisdictions to plan for the future. The slide accompanying Mr. Romig's comments is Slide #34 in the presentation available at: http://www.doi.gov/eiti/FACA/upload/USEITI_Contextual-Narrative_May-MSG_Final_051815-1.pdf.

In response to Mr. Romig's comments, MSG members made the following comments and asked the following questions:

- Marina Voskanian suggested that concerns about budgets and volatility of commodity prices could be addressed by articulating assumptions, with, for example, projections being based on current prices and past performance.
- In response to a question from Ms. Danielle Brian about using 10 years of data to quantify fiscal impacts at the county level, Ms. Isabelle Brantley responded that the Independent Administrator has had difficulty securing 10-year fiscal cost data at the county level. Ms. Veronika Kohler suggested that the USEITI Report could highlight data gaps of this sort to encourage that data of this sort be tracked and made publicly available.
- Mr. Neil Brown, The Lugar Center, suggested that the presentation of data should note context and relevant differences, for example accounting for different tax rates across different counties.

4. County Selection

Ms. Isabelle Brantley presented the recommendation of the Contextual Narrative Work Group to revise the selection of counties to be included in the county narratives. Previously, the MSG had approved the Work Group's recommendation to select six counties, but after further deliberation and fact-finding, the Work Group proposed to change that approach to select twelve "county clusters" which would either include a single county, or, in some cases multiple, contiguous counties. Ms. Brantley presented information about the Work Group's process and recommendation, including the criteria used to select counties and county clusters, requirements for the content of the county narratives, and the selection of twelve counties or county clusters. Ms. Brantley's presentation materials are available on Slides #1-4 of the presentation deck available at: http://www.doi.gov/eiti/FACA/upload/USEITI_Contextual-Narrative_May-MSG_Final_052115.pdf.

In response to Ms. Brantley's presentation, MSG members made the following comments and asked the following questions:

- Ms. Danielle Brian thanked the members of the Work Group and the Independent Administrator for their work, and thanked the Industry sector for engaging in extensive deliberation and discussion on this issue.
- Ms. Veronika Kohler and Mr. Greg Gould highlighted that the Work Group and the MSG are reevaluating and reassessing a previously agreed-upon approach to improve the USEITI Report.

➢ **Decision: The MSG endorsed the Contextual Narrative Work Group's proposal to use a total of twelve counties or county clusters for the county narratives in the 2015 USEITI Report.**

5. County Narratives

Ms. Isabelle Brantley presented the recommendation of the Contextual Narrative Work Group to include five categories of information in the county narratives, and provided example text of how these five categories would be represented. In addition, she provided an overview of the Work Group's recommended approach to presenting information about revenue sustainability in the county narratives, noting that the IA has been able to find varying degrees of information for different counties / county clusters. Mr. John Mennel added that the IA has had some challenges finding information about revenue sustainability for many of the counties and county clusters as the MSG had previously agreed to use only credible sources of publicly-available information, and government sources when possible, in the contextual narrative, and to only include information sources that clearly isolated the data related to the extractives industries. Ms. Brantley's presentation materials are available on Slides #5-6 of the presentation deck available at: http://www.doi.gov/eiti/FACA/upload/USEITI_Contextual-Narrative_May-MSG_Final_052115.pdf.

Ms. Michelle Hertzfeld displayed what the county profiles could look like in the online portion of the USEITI Report. She noted that users would be able to access the county profiles, which may be called "case studies," through diverse routes of the online report.

In response to the comments from Ms. Brantley, Mr. Mennel, and Ms. Hertzfeld, MSG members engaged in the following discussions:

Revenue Sustainability: MSG members discussed the need to include the costs of extractive industry activity in the county narratives, the types of data sources that should be referenced to provide this information about costs, and next steps around these issues.

- Mr. Keith Romig suggested that additional sources that are credible and publicly available, beyond those that the IA has already referenced, may need to be used to document costs.
- Mr. Mennel noted that there are three considerations that the IA is working from, based on the decisions that the MSG previously made around the Contextual Narrative Matrix: 1) data that is credible and publicly available (preferably government data sources); 2) data that isolates the impact of the extractives industries; and, 3) providing information that is consistent across the county profiles. He noted that, in the case of Greenlee County, AZ, the IA uses data from a company's production report, which the Contextual Narrative Work Group determined to be a "credible source." Similarly, all three sectors in the Work Group must agree on designating credible sources other than publicly-available, government sources.
- Ms. Danielle Brian pointed out that "publicly-available" information goes beyond that which can be found online and includes sources that can be secured through Freedom of Information Act (FOIA) filings.

- Mr. Aaron Padilla suggested that, although the MSG agreed to include only data that isolates the impact (in terms of both revenues and costs) of extractive sector activity, the Work Group has discussed the challenge of finding credible data that meets this standard and has suggested including a general description of the types of costs that local governments often face as a result of extractive sector activity. He also noted that revenue streams differ in terms of how easily they can be directly attributed to extractive sector activity.
- Ms. Brian expressed appreciation for Mr. Padilla's suggestion to include "objectively isolatable" costs (instead of only "explicitly stated" ones), and asked whether the Work Group was using a higher standard for tying costs to extractive sector activity than it was using for identifying revenues.
- Mr. Keith Romig responded to Ms. Brian's inquiry by explaining that allocation of revenues and costs is somewhat context-dependent.
- Ms. Veronika Kohler inquired about how direct contributions from a company, for example when it pays for road repairs directly, would be factored into the county narratives. Ms. Brantley responded that the MSG had not agreed on including this sort of information though it would be reflected in the lower cost of infrastructure maintenance incurred by the county.

Other questions and comments from MSG members are noted below; *responses are indicated in italics.*

- Ms. Veronika Kohler inquired whether the data for any of the county narratives could reveal trade secrets, for example if only one operator is present in a profiled county. She also asked whether the IA has any safeguards in place to protect against the revelation of trade secrets. *Mr. John Mennel and Mr. David Cogswell, IA team member from Deloitte, explained that because the contextual narrative uses only credible, publicly available information, it will not reveal any trade secrets because all of the published information is already in the public domain. They noted that Greenlee County, AZ only has one company operating copper mines, but that all of the information published about those operations in Greenlee are already public.*
- Mr. Veronica Slajer noted that the MSG will need to develop a better understanding of how tribes and Native American reservations can or should be included in the county narratives.
- Mr. Mike Matthews inquired about how older data sets and case studies would be archived on the online report site as the MSG moves through multiple years of reporting. *Ms. Hertzfeld responded that older versions of data sets, reports, and metadata would all be stored and made available through the website to users.*

The Contextual Narrative Work Group was tasked with coming to agreement on the structure, content, and data sources to be included in the county narratives.

F. Independent Administrator's Update, Company Participation, and Tax Reporting and Reconciliation

Mr. John Mennel provided an update on the activities of the Independent Administrator (IA) team in recent months, focusing on outreach to companies targeted for reporting and reconciliation of revenue data. The IA's other main work stream, work on the Contextual Narrative, is reviewed in section "D. Contextual Narrative Update," above.

Mr. Mennel reported that the IA has contacted all of the reporting companies, including sending them polling questions about their intention to participate in USEITI and in the reporting and reconciliation of federal income tax information. He provided a summary of the polling results as well as a sample of comments received from companies. Specifically, he noted that, while one company had already proceeded through the revenue reconciliation process, most companies are awaiting more information of various kinds before deciding whether and how to participate in USEITI. Mr. Mennel also outlined the IA's future outreach plans to the reporting companies as well as a high-level overview of the IA's activities leading up to the submission of USEITI 2015 Report in December 2015. Mr. Mennel's presentation slides are available at: http://www.doi.gov/eiti/FACA/upload/USEITI_IAUpdate_MayMSG_Final_05202015.pdf.

In response to Mr. Mennel's presentation, MSG members engaged in the following discussions.

Process around 2015 USEITI Report: In response to a question from Ms. Veronika Kohler about the timeline for preparing the USEITI Report, Mr. Greg Gould explained that the IA is asking MSG members to provide their comments and edits to the draft final Report by October 19; after that date, MSG members are asked only to note "fatal flaws" still present in the Report. In response to a question from Ms. Danielle Brian about the preparation of the Contextual Narrative portion of the USEITI Report, Mr. Gould responded that the MSG will continue working on the Contextual Narrative after May 2015 but will do so in the form of an integrated report that combines the contextual narrative with revenue data.

Company participation in USEITI Reporting: Mr. Paul Mussenden suggested that, in light of the possibility that some companies choose not to participate in reporting and/or reconciliation of income tax information, that a work group of the Implementation Subcommittee be assigned to explore alternative sources of tax information. In response to a question from Ms. Kohler about the IA's previous work finding publicly-available tax information, Mr. Mennel explained that the IA found that the vast majority of the 44 reporting companies are publicly listed and therefore include some information about corporate income tax payments as part of their Securities and Exchange Commission filings, but that the companies organize and break out their tax filing information quite differently from company to company. Ms. Kohler suggested that, since the EITI Standard involves reconciliation of tax information, not just

reporting, that the work group suggested by Mr. Mussenden also explore adapted implementation for USEITI under the international Standard.

Ms. Danielle Brian inquired to confirm that the Co-Chairs had previously been told that 80 percent of companies would participate in USEITI report; in response, Mr. Gould confirmed that this information came from initial, information communication with companies, many of whom have not yet responded to the IA's polling questions. Ms. Brian, noting that only four of the polled companies indicated that they would report tax information, asked whether some of the companies represented on the MSG may decline to participate in tax reporting. In response to Ms. Brian's inquiry, Ms. Kohler affirmed that that may be the case, noting that the Industry sector had been indicating that possibility since the inception of USEITI.

In response to a question from Ms. Slajer about whether there are any trends around which types of companies (for example, by sector, size, international presence, etc.) have indicated their interest in participating in USEITI, Mr. Mennel indicated that there are not really identifiable trends of those sorts. Mr. Neil Brown inquired about the information that the IA is providing to reporting companies about USEITI and when the IA would provide the MSG with information about which companies have agreed to participate in USEITI so that the MSG could begin considering performing more targeted outreach. Responding to Mr. Brown, Mr. Mennel explained that the IA has provided ample, detailed information to companies about USEITI and the reporting process through diverse methods. Most inquiries that the IA is receiving from companies are of a technical nature, around accounting and reporting, indicating that they understand the basics of USEITI. Mr. Mennel also explained that the IA has communicated information about which companies have agreed to participate in USEITI and in tax reporting to the industry and the government sectors, as per the process that the MSG previously agreed upon, and the IA will be sharing a draft reconciliation report with the full MSG on July 6 that includes company names participating in the affirmative.

Mr. Mennel and Mr. Pat Field also reiterated that the polling results indicate only a preliminary response from a subset of companies (since 22 companies have not yet responded). The IA would continue to conduct outreach to, and work with companies, and that the MSG had previously agreed that the USEITI Report would positively highlight those companies that participate in tax data reporting and would not name those companies who declined to participate.

Based on the discussion, Mr. Greg Gould suggested that a new work group, Tax Information Work Group, be formed under the Implementation Subcommittee. The Tax Information Work Group would be tasked with considering options to meet the EITI Standard on tax reporting and reconciliation given the companies may have a range of responses to USEITI's current approach of requesting participation from companies.

Mr. Curtis Carlson, Department of the Treasury, added that an additional issue for the Tax Information Work Group to take up is incorporating 13 "reversal codes" that allows payors to make amendments or corrections to tax filings after the initial filings are made. Mr. Carlson was informed that corrections, even under the same revenue code where the revenues was initially report, per IRS standard procedures, required distinct and separate codes.

- **Approval: The MSG approved the formation of the Tax Information Work Group under the Implementation Subcommittee.**

G. Margin of Variance Discussion

The MSG engaged in two discussions around the margin of variance for reconciliation of revenue and tax data: 1) the presentation by the Project-level Reporting and Template Work Group of a proposal for the margin of variance to be used in the 2015 USEITI Report; and, 2) how the margin of variance standard should be communicated to reporting companies. These two discussions are summarized below.

1. Margin of Variance Proposal and Discussion

Mr. Paul Bugala presented the Project-level Reporting and Template Work Group's proposal for the margin of variance to be used in the 2015 USEITI Report. Mr. Bugala reviewed the guidance around margin of variance provided by the EITI Standard, the process followed by the Work Group, the potential causes and magnitudes of discrepancies in reporting, and provided recommendations to the MSG about allowable variances for diverse revenue streams. The Work Group decided to recommended allowable variances consist of a percentage of a particular revenue stream (either 1%, 2%, or 3%) as well as a dollar-value floor below which variances would be allowable, for each revenue stream. Mr. Bugala's presentation slides covering the Work Group's recommendation around margin of variance consist of slides #1-8 in the slide deck available at: http://www.doi.gov/eiti/FACA/upload/P-T-WG-Variance-Recommendation-Presentation-042715-1.pdf.

In response to Mr. Bugala's presentation, MSG members engaged in the following discussions.

Tax Payments: Mr. Bugala and Mr. Curtis Carlson explained that, although the size of the revenue stream from tax payments is larger than many of the other revenue streams (thereby mitigating in favor of a larger margin of variance), many fewer tax payments are made than under many other revenue streams (such as royalty payments) and are clearly identified by the IRS (through the use of payor codes). As such, the Work Group identified tax payments as having a low likelihood of discrepancy and is recommending a margin of variance for tax payments of 1 percent. Mr. John Harrington added that the industry-sector participants in the Work Group support the lower margin of variance around tax payments for the reasons identified by Mssrs. Bugala and Carlson.

Trust in Reported Numbers: Ms. Johanna Nesseth Tuttle suggested that the MSG discuss the level of confidence that should be placed in the revenue figures reported by companies in the United States and by the US Government. Ms. Nesseth Tuttle volunteered that she has confidence in these numbers. Mr. Mike Matthews added that, based on his sixteen years of experience working with revenue streams from extractives activity in the United States, he also has a high level of confidence. He added that discrepancies at the higher end (generally no more than 3 percent) tend not to reflect corruption or purposeful underpayment but rather good-faith discrepancy about how the law should be interpreted and how revenue payment figures should be calculated. Mr. Matthews also noted that certain revenue streams, such as royalty payments and tax payments, are well audited, and that companies cannot secure permits unless they pay their permitting fees.

Mr. Paul Mussenden noted, however, that the US Government and the extractives industries were coming off of a trust deficit when the Government decided to implement USEITI. Mr. Mussenden added that USEITI is an opportunity to highlight the strengths of the American system around revenues from the extractives industries while also testing assumptions about the strength of that system. Ms. Danielle Brian emphasized that, in addition to the trust deficit, the US Government Accountability Office (GAO) continues to raise flags about the efficacy of existing audit systems. Ms. Brian stated that USEITI is not a pro-forma exercise and is very important as there have been significant problems in the US. Ms. Rebecca Adamson added that there have also been very significant problems revealed in the US Government's trust system with Native American tribes. David Goldwyn, Goldwyn Global Strategies, noted that the entire reconciliation process, including the margin of variance, is only as trusted as the level of trust in the underlying revenue reporting; the IA will need to articulate their opinion about the robustness of the revenue reporting system, and associated auditing and accountability, in the United States.

Contextualizing the Margin of Variance: Mr. Neil Brown noted that a variance of $100,000 can still seem like a very large sum of money to many people in the general American public, and so the Report will need to clearly explain what the margin of variance means and to contextualize it properly.

- **Decision: The MSG endorsed the Project-level Reporting and Template Work Group's proposal for the margin of variance to be used in the 2015 USEITI Report.**

2. Communicating the Margin of Variance to Reporting Companies

Ms. Veronika Kohler and Ms. Susan Ginsberg articulated the need to clearly and persuasively communicate USEITI's approach to, and rationale behind, the margin of variance to reporting companies in order to reassure them that participation in USEITI will not be overly resource-intensive.

Mr. John Mennel expressed his satisfaction that the Industry sector participants support the approach to the margin of variance. He proceeded to outline the approach that the IA will take in reconciling revenues from reporting companies and from the US Government:

- After comparing revenue figures, if any variance is within the acceptable margin, then no further work will be needed.
- If any variances are higher than the acceptable margin, the IA will investigate potential sources of the variance (starting with a list of identified likely sources), first with the Government and then with the reporting company.
- After identifying the source(s) of the variance, the IA will report the size of the variance and the explanation for its presence. In cases where an error has been made by either the government or by a reporting company, that party will be given a chance to restate those numbers.

Mr. John Harrington added that, in many cases, no correction or restatement would be needed; instead, the variance can be explained by factors such as timing and will remain as is. Ms. Kohler suggested that the process and the fact that the reasons for variance will be clearly explained need to be made clear to reporting companies to encourage them to participate in USEITI. Ms. Veronica Slajer suggested that USEITI should highlight the opportunity to restate revenue numbers and improve accounting and reporting systems as virtues of the implementation of USEITI. Mr. Curtis Carlson and Ms. Kohler both noted that companies will be hesitant about restating numbers and reporting numbers that do not match with those reported by the Government.

Mr. Alex Klepacz, Independent Administrator team member from Deloitte, stated that the IA would be sending an email to the point of contact at each of the reporting companies about the margin of variance and any other relevant developments from the MSG meeting the week after the MSG meeting (the week of May 25). Members of the Template and Project Level Work Group suggested that they work together with the IA to develop messaging to communicate with payor companies. Ms. Susan Ginsberg volunteered to vet the messaging around the margin of variance with a few Independent Petroleum Association of American (IPAA) members. Ms. Ginsberg noted that companies are considering their participation in USEITI carefully and are asking questions and have not reflexively decided not to participate.

MSG members discussed the extent to which participation in USEITI is “voluntary” for companies identified for revenue reporting and reconciliation. Ms. Marina Voskanian suggested that companies could be incentivized to participate by publicly recognizing their participation. Mr. Aaron Padilla, American Petroleum Institute, noted that, when member companies of his association ask him whether they should participate in USEITI, he explains that API supports the effort and has been involved from the beginning of the process in trying to share the perspective of member companies and facilitate their participation. He added that when companies ask about the level of effort it would take to participate, he refers them to people like Phil Denning, at Shell Oil Company, because

he has been involved with USEITI and sits in Shell's finance department. Mr. Denning, in turn, suggested that another webinar be held for payor companies to explain the reporting process and allow them to ask questions. Mr. Gould supported this suggestion and asked the Audit and Assurance Practices Work Group to coordinate the webinar.

H. Audit and Assurance Practices

Mr. Alex Klepacz summarized the requirement in the EITI Standard (Requirement 5.2b) for the MSG and the IA to review audit and assurance practices for both companies and for the federal government, which are slightly different under federal law. Mr. Klepacz noted that, the IA is required to identify specific factors that would impact the reliability of the EITI Report and, in order to do that, will review existing audit reports of both the Government and of payor companies.

Mr. Greg Gould added that, in order to fulfill the requirement of the EITI Standard to document the robustness of the US government's auditing and assurance processes, he recommends that a new work group, the Audit and Assurance Practices Work Group, be formed. The new work group would be under the Implementation Subcommittee and would be chaired by Mr. Jim Steward. Mr. Paul Bugala, Natural Resource Governance Institute, joined the Work Group from the CSOs. The Work Group is tasked with providing draft text about audit and assurance practices by June 9 to the Implementation Subcommittee, which will in turn provide its recommended text to the Independent Administrator by June 17.

- **Approval: The MSG approved the formation of the Audit and Assurance Practices Work Group under the Implementation Subcommittee.**

I. Timeline and Key Milestones in Coming Months

Mr. John Cassidy, Independent Administrator team member from Deloitte, reviewed the next steps and key dates for finalizing the 2015 USEITI Report between May and December 2015. This material is available on Slides #7-8 in the presentation deck available at: http://www.doi.gov/eiti/FACA/upload/USEITI_Contextual-Narrative_May-MSG_Final_052115.pdf.

In response to Mr. Cassidy's comments, MSG members provided the following comments and asked the following questions; *responses are indicated in italics:*

- Ms. Veronika Kohler suggested that, for comments and edits on the USEITI Report from the sectors that are uncontroversial or on which the sectors are aligned, the IA indicate how it will make the appropriate changes. For areas of the Report where the sectors disagree, however, Ms. Kohler suggested that the IA bring these to the MSG's attention. *IA team members agreed with this approach and indicated that they would be cataloguing all comments received and noted changes made.*

- Ms. Kohler also suggested that, because the content of the online report will feed into the written report, that MSG members would not need to spend much time reviewing the written report.
- Ms. Brian and Ms. Johanna Nesseth Tuttle both suggested that the written report should be complete and be able to stand on its own without the online content.
- Mr. Paul Mussenden noted that the timeline is premised on the process proceeding smoothly, but that if any parts of the process get delayed, MSG members will have to remain plugged in during the summer to review materials and provide feedback. He also suggested holding a webinar for MSG members to see overviews of the online and written portions of the Report as it shapes up.

IV. Public Comments

The following comment was offered when the floor was given to those participating by phone.

Thank you. This is Betsy Taylor and I'm a civil society alternate. I'm on a poor internet phone connection and I'm on the wrong side of the digital divide in a very poor community. Really thank you all for your discussion around the contextual narrative yesterday. Thus far we've been on a very tight deadline to meet deliverables. Now it seems like we're blazing a new trail that's significant globally, but I want to flag a couple of concerns. It's very exciting to hear that we're moving to a place that's seen as an organic, integrated report. It's also great that we're talking about sharing data at various different levels and allowing people to use it, as well as setting up lines of openness and accountability.

Some challenges to be aware of: the problems in the US have to do with the presence of data silos. We need to get some metrics about real-life users and get some data about process at the sub-national level. There were some good points made yesterday about state and local government agencies. A lot of local government units have had their budgets slashed and are struggling in other ways, especially in rural communities where a lot of the extraction is happening. So we need to think about how to support those communities. The report that we have now is maybe a little bit confusing between the federal and the state levels. Johanna had some good thoughts about bringing together the sub-national sections a little better. Also want to flag the issue of the digital divide. It's great that we're putting together a robust digital presence, but we need to think about who is at the table and who can participate in the process and who can access the material. One of the key issues going forward is recognizing how challenges some of the data questions are and having continuity in how we're handling them. We also need to make sure that the timelines that we're setting are growing organically out of our process.

V. Wrap Up / Closing

Mr. Patrick Field, facilitator from the Consensus Building Institute, reviewed the action items and the decisions coming out of the MSG meeting.

Mr. Greg Gould, Ms. Veronika Kohler, Ms. Danielle Brian, and Mr. Paul Mussenden, in their roles as Co-Chairs and the Designated Federal Officer, made closing comments to the MSG, thanking the MSG, associated staff, the USEITI Program Office, and the IA for their hard work.

Mr. Paul Mussenden, Acting DFO, adjourned the meeting at 3:15 pm.

VI. Meeting Participants

The following is a list of attendees from the May 20-21, 2015 EITI meeting.

Chaired by Paul Mussenden, Acting Designated Federal Officer for the USEITI Advisory Committee, U.S. Department of the Interior.

A. Participating Committee Members

Civil Society

Rebecca Adamson, First Peoples Worldwide
Danielle Brian, Project on Government Oversight, USEITI MSG Advisory Committee Co-Chair
Paul Bugala, Natural Resource Governance Institute
Keith Roming, Jr., United Steelworkers
Veronica Slajer, North Star Group

Government

Curtis Carlson, Department of the Treasury
Greg Gould, Department of the Interior, USEITI MSG Advisory Committee Co-Chair
Mike Matthews, State of Wyoming - Department of Audit/Mineral Audit Division

Industry

Phillip Denning, Shell Oil Company
Michael Flannigan, Peabody Energy
John Harrington, ExxonMobil
Susan Ginsberg, Independent Petroleum Association of America
Veronika Kohler, National Mining Association, USEITI MSG Advisory Committee Co-Chair
Johanna Nesseth Tuttle, Chevron

B. Committee Alternates in Attendance

Civil Society

Neil Brown, The Lugar Center
David Goldwyn, Goldwyn Global Strategies

Betsy Taylor, Virginia Tech (via phone)

Government
Jim Steward, Department of the Interior
Marina Voskanian, California State Lands Commission

Industry
Nick Cotts, Newmont Mining
Aaron Padilla, American Petroleum Institute

C. Members of the Independent Administrator Team in Attendance

Isabella Brantley, Deloitte
John Cassidy, Deloitte
David Cogswell, Deloitte
Alex Klepacz, Deloitte
John Mennel, Deloitte

D. Government and Members of the Public in Attendance

Twany Bridgeford, National Mining Association
Tom Crafford, State of Alaska
Dan Dudis, Transparency International – USA
Ryan Ellis, Interstate Mining Compact Commission
Michael Gardner, Rio Tinto
Emily Hague, American Petroleum Institute
Michelle Hertzfeld, GSA/ISF
John Hovanec, Office of Natural Resources Revenue
Robert Kronesburch, Office of Natural Resources Revenue
Charles Norfleet, Bureau of Ocean Energy Management
Mia Steinle, Project on Government Oversight
Cartan Sumner, Peabody Energy
Suzanne Swink, British Petroleum
Nick Welch, Noble Energy
Lance Wenger, Solicitor's Office, Department of the Interior
Jim Witkop, Office of Natural Resources Revenue

E. Facilitation Team

Patrick Field, Consensus Building Institute
Tushar Kansal, Consensus Building Institute

F. DOI MSG Support Team

Rosita Christian, Office of Natural Resources Revenue
Jerry Gidner, Office of Natural Resources Revenue
Jennifer Goldblatt, Office of Natural Resources Revenue
Chris Mentasti, Office of Natural Resources Revenue
Kim Oliver, Office of Natural Resources Revenue

Judith Wilson, Office of Natural Resources Revenue

VII. Documents Distributed

- Agenda (PDF)
- Tax Authorization (PDF)
- IRS Form 8821 (PDF)
- Decision Matrix (PDF)
- Reporting Template (PDF)
- Reporting Template Guideline (PDF)
- USEITI Inception Report (PDF)
- USEITI Data Collection and Reconciliation Project Plan (PDF)
- Minutes from USEITI State and Tribal Opt-in Teleconference with State Regulators (PDF)
- USEITI State and Tribal Outreach Map (PDF)

VIII. Certification

Interested parties are asked to contact USEITI at useiti@ios.doi.gov or 202-208-0272 with any questions, comments, or concerns regarding the content of this meeting summary.