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U.S. DEPARTMENT OF THE INTERIOR

OFFICE OF INSPECTOR GENERAL
AUDIT REPORT

REVIEW OF INDIVIDUAL INDIAN MONEY ACCOUNT
OPERATIONS OF THE BILLINGS AREA OFFICE
BUREAU OF INDIAN AFFAIRS



This report may not be disclosed to anyone other than the auditee
except by the Assistant Inspector General for Administration,
Office of Inspector General, U.S. Department of the Interior,
Washington, D.C. 20240.

AUGUST 1982

DATE

3. SCOPE OF THE SYSTEM

BIA's authority to operate its IIM system and the related disbursing network is obscure. The disbursing portion of IIM; i.e., the ISSDA, is an extension of the Treasury. However, we could not find any delegation of authority from the Treasury to BIA covering the IIM system. Similarly, we could not find any legislative authority specifically covering the subject.

Notwithstanding the absence of a clear-cut authority, BIA has operated the IIM system for about 50 years with the full knowledge and presumed consent of the Treasury. Lacking any other authoritative documents, the only reasonable premise is that the authorized scope of IIM is established by BIA's own regulations, 25 CFR 104. These regulations describe the IIM system essentially as a system of collecting money for individual Indians and disbursing money to them or on their behalf. While the regulations are less than precise and comprehensive in defining IIM, they have been consistent over the years.

The scope of the IIM system within BAO goes substantially beyond that described in 25 CFR 104. Specifically, BIA uses IIM to provide (1) commercial banking services for Indian tribes, (2) voluntary savings deposit accounts for tribes, tribal organizations, and individuals, (3) a contract financing mechanism for BIA contracts with Indian tribes, and (4) a financing mechanism for certain programs handled by BIA.

Commercial Banking Services

Services of a commercial banking nature were most evident in the IIM accounts established for the tribes (including tribal organizations). BAO's effort to maintain these tribal accounts are discussed below:

(1) In fiscal year 1981, BAO agencies manually prepared over 41,000 Treasury checks for tribal accounts. Included in these checks were payrolls for two tribes.

All accounts identified to tribes or tribal organizations must be considered voluntary. As of the end of fiscal year 1981, BAO was maintaining 175 accounts for tribes or tribal organizations. Although the number of accounts represented less than 1 percent of the total, the account balances totalled \$12.7 million or 39 percent of BAO's account balances.

We could not determine the number of individual accounts that were really voluntary because no such identification exists (i.e., all individual accounts are, for coding purposes, described as a form of a controlled account). We suspect the number is significant because:

(1) Of 60 controlled accounts reviewed at FA, we identified 20 as being voluntary deposit accounts all coded as "controlled for various reasons as determined by Superintendent" (Code 66). At WRA, we were able to identify 36 voluntary accounts manually maintained at the Agency.

(2) When individuals receive loans from tribal programs, their accounts are controlled. However, the controls were not always removed when the loans were liquidated. (At FPA, four of nine loan accounts reviewed had been paid off, but the control had not been removed).

(3) Similarly, when minors reach majority age, their accounts are no longer to be controlled (25 CFR 104.4). At FA, we identified 37 controlled accounts for individuals who had reached the majority age. These accounts had a balance of \$136,900, all of which must be considered as voluntary deposits.

We noted several cases where IIM was being used to facilitate loan repayments for individuals. We also noted three accounts which had been in voluntary deposit status since 1976 and had earned \$105,000 in interest for the three individuals who no longer lived within the Billings Area.