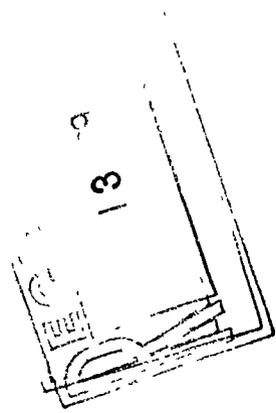


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BIA Mishandling of Trust Funds Alarms Navajo Officials

By Susan Landon

JOURNAL STAFF WRITER

Navajo tribal officials said Monday they were alarmed by a U.S. inspector general's audit that revealed widespread mismanagement of Indian trust funds by the U.S. Bureau of Indian Affairs.

"We are shocked and dismayed at the BIA's mishandling of our tribal funds," said Navajo tribal spokeswoman Lenora Begay.

About \$17 million in trust fund investments for tribes throughout the nation couldn't be accounted for by auditors. The audit, which was made public last week in Washington, D.C., didn't indicate how much of that money belonged to the Navajos.

But the audit did say the Navajos lost out on \$121,400 in overnight interest payments because of deficient reporting procedures by the BIA.

The audit said other New Mexico tribes losing interest money due to faulty BIA procedures were the Jicarilla Apaches, \$101,845; Laguna Pueblo, \$89,924; the Mes-calero Apache, \$32,451; and Sandia Pueblo, \$10,915. Officials of those tribes couldn't be reached for comment Monday.

From July 1985 through December 1986, the BIA underreported how much tribal money the bureau had in the U.S. Treasury, losing \$2.4 million that the nation's tribes could have earned if all the money had been invested in overnight, interest-bearing accounts, the audit said.

Inspector General James Richards said the Interior Department's 1990 budget contains funds to replace the lost interest payments.

Overall, Richards said, the Interior Department is "potentially liable for all losses resulting from the bureau's mismanagement of the \$1.7 billion trust fund."

On the nation's largest reservation, Navajo officials are reviewing the audit to determine what other losses the tribe may have suffered due to the BIA's handling of trust funds, Begay said.

Some of the main sources of trust funds for tribes are collections from irrigation and power projects and income from the selling or leasing of tribal timber, oil, gas and rangeland.

As a result of inaccurate accounting proce-

dures by the BIA, tribes sometimes believe they have more money than they really do the audit said.

A review conducted last year by the inspector general showed that Jemez Pueblo withdrew \$320,000 from one of its accounts based on an inaccurate government accounting of how much money the pueblo had. It turned out the balance had been overestimated, and the pueblo was asked to return the money, the audit said.

"When errors such as this are detected and tribes are asked to repay funds, the credibility of the bureau as a steward of Indian trust funds is seriously damaged and tribal and individual Indian hardships can result," the report said.