United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

OCT - 9 1998

MEMORANDUM

TO: The Secretary

FROM: Richard N. Reback
Acting Inspector General

SUBJECT SUMMARY: Final Survey Report for Your Information - "Indian Acute Distress Donation Program for Selected Reservations Under the Jurisdiction of the Billings Area Office, Bureau of Indian Affairs" (No. 98-I-704)

Attached for your information is a copy of the subject final survey report, which presents the results of our survey of the Indian Acute Distress Donation Program at the Blackfeet, Fort Peck, and Rocky Boy's Indian Reservations, which are under the jurisdiction of the Billings Area Office of the Bureau of Indian Affairs. The objective of the survey was to determine whether these Bureau and tribal offices ensured that emergency feed grain provided through the Program was distributed only to Indian tribal members who were eligible for assistance.

We found that the Bureau's Blackfeet Agency, the Chippewa Cree Tribe of the Rocky Boy's Reservation, and the Assiniboine and Sioux Tribes at the Fort Peck Indian Reservation did not ensure that emergency feed grains were distributed only to eligible applicants in accordance with the requirements of the 1978 Memorandum of Understanding Number 5 between the Departments of the Interior and Agriculture and applicable Billings Area Office instructions. Neither Bureau Headquarters nor Billings Area Office officials issued supplemental guidance to the Agency or tribal officials adequately defining "principal source of income," which resulted in inconsistent determinations of eligibility. In addition, Agency and tribal officials did not provide the monitoring necessary to ensure compliance with the Program. As a result, 232,735 pounds of grain, valued at $12,400, was provided to 16 Program participants who did not have any agricultural income, and 336,000 pounds of grain, valued at $18,000, was provided to an additional 14 Program participants who did not pick up grain until the last 30 days of the Program and consequently received grain in excess of their entitlement.

We did not make recommendations to correct the deficiencies in the Program criteria because the Indian Acute Distress Donation Program will be replaced by the American Indian Livestock Feed Program, which will be administered directly by tribal governments through the Department of Agriculture's Commodity Credit Corporation and will not involve the Bureau.

If you have any questions concerning this matter, please contact me at (202) 208-5745 or Mr. Robert J. Williams, Assistant Inspector General for Audits, at (202) 208-4252.

Attachment

U.S. Department of the Interior
Office of Inspector General

SURVEY REPORT

INDIAN ACUTE DISTRESS DONATION PROGRAM FOR SELECTED RESERVATIONS UNDER THE JURISDICTION OF THE BILLINGS AREA OFFICE, BUREAU OF INDIAN AFFAIRS

REPORT NO. 98-I-704
SEPTEMBER 1998

W-IN-BIA-002-98-R

United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

SEP 30 1998

SURVEY REPORT

Memorandum

To: Assistant Secretary for Indian Affairs

From: Robert J. Williams Robert J. Williams
Assistant Inspector General for Audits

Subject: Survey Report on the Indian Acute Distress Donation Program for Selected Reservations Under the Jurisdiction of the Billings Area Office, Bureau of Indian Affairs (No. 98-I-704)

INTRODUCTION

This report presents the results of our survey of the Indian Acute Distress Donation Program at the Blackfeet, Fort Peck, and Rocky Boy's Indian Reservations, which are under the jurisdiction of the Billings Area Office of the Bureau of Indian Affairs. The Program is administered by the Bureau for the Blackfeet Reservation, the Assiniboine and Sioux Tribes for the Fort Peck Reservation, and the Chippewa Cree Tribe for the Rocky Boy's Indian Reservation. The objective of the survey was to determine whether these Bureau and tribal offices ensured that emergency feed grain provided through the Indian Acute Distress Donation Program was distributed only to Indian tribal members who were eligible for assistance. We performed the review based on a May 6, 1997, request from the Assistant Secretary for Indian Affairs.

BACKGROUND

Section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) authorized the U.S. Department of Agriculture to provide free feed grain for the maintenance of Indian-owned livestock on any reservation designated by the Secretary of Agriculture to be an acute distress area.[1] Prior to 1996, the Departments of Agriculture and the Interior jointly administered an emergency feed program for Indians, known as the Indian Acute Distress Donation Program, under the provisions of the May 6, 1978, interdepartmental Memorandum of Understanding Number 5 ("Agreement To Donate Feed Grain To Relieve Economic Distress or Disaster Conditions Existing Among Indian Tribes").

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[1]An acute distress area is defined as a location where the chronic economic distress of needy members of an Indian tribe is materially increased because of natural disaster, such as a flood, drought, or blizzard.

The Program was suspended by Section 171 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7201). However, in response to severe weather conditions during the winter of 1996-1997, the Department of Agriculture provided emergency feed assistance to six reservations in Montana using the guidelines of the memorandum of understanding. Under the memorandum, the Bureau of Indian Affairs was responsible for ensuring that grain was distributed only to eligible Indians and for monitoring the Program. The memorandum also specified the amount of feed grain provided per day for each type of livestock, which, according to a Bureau official, was not enough grain to fully feed an animal but was enough supplemental grain only to sustain the animal.[2]

To address the confusion as to whether the Indian Acute Distress Donation Program had been reinstated, the Assistant Secretary for Indian Affairs, in a May 14, 1997, letter to tribal leaders, stated:

> The Federal Agriculture Improvement and Reform Act of 1996 suspended the Agricultural Act of 1949, which established the IADDP [Indian Acute Distress Donation Program]. It became confusing to a large number of people who thought that IADDP was being reinstituted when in actuality only the provisions for IADDP were being used to donate grain.

However, the Bureau of Indian Affairs referred to the emergency assistance provided during the winter of 1996-1997 as the Indian Acute Distress Donation Program. Therefore, for the purposes of this report, we refer to the assistance provided during this period as the Indian Acute Distress Donation Program.

The Program was administered by Blackfeet Agency officials at the Blackfeet Reservation, by the Chippewa Cree Tribe at the Rocky Boy's Reservation under a compact[3] with the Bureau, and by the Assiniboine and Sioux Tribes at the Fort Peck Reservation under a contract[4] with the Bureau. During the winter of 1996-1997, grain with an estimated value of $571,000 was provided to 212 Program participants at the Blackfeet (171), Fort Peck (29), and Rocky Boy's (12) Reservations in Montana.

The Department of Agriculture established a replacement program (American Indian Livestock Feed Program) for the suspended Indian Acute Distress Donation Program but as of the time of our review had not developed final regulations for administering the Livestock

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[2]Memorandum of Understanding Number 5 specifies 4 pounds per day of grain for each cow, bull, or steer; 2 pounds per day for each heifer; 1.33 pounds per day for each calf; .8 pounds per day for each sheep or goat; and .6 pounds per day for each lamb or kid.

[3]The Chippewa Cree Tribe has assumed responsibility for performing functions previously performed by the Bureau at the Rocky Boy's Reservation under a compact between the Secretary and the Tribe pursuant to the Indian Self-Determination and Education Assistance Act (Public Law 93-638, as amended).

[4]The Assiniboine and Sioux Tribes administer the Programs at the Fort Peck Reservation under a contract awarded by the Bureau pursuant to Public Law 93-638.

Feed Program. However, according to the Department's draft interim rules for the Livestock Feed Program, the Department, through its Commodity Credit Corporation, will contract directly with tribal governments to provide emergency livestock assistance. Thus, the Bureau of Indian Affairs will not be involved administratively or operationally with the proposed program.

SCOPE OF SURVEY

The survey was conducted from May 4 through July 22, 1998, at the Billings Area Office in Billings, Montana; the Blackfeet Agency Office in Browning, Montana; the Rocky Boy's Indian Reservation in Box Elder, Montana; the Fort Peck Indian Reservation in Poplar, Montana; and eight of the nine grain elevators used during the Program. To accomplish our objective, we reviewed applicable laws and regulations, including Memorandum of Understanding Number 5; Bureau policies and procedures, including Billings Area Office instructions; and individual applications for assistance. We also interviewed Bureau and tribal officials to determine the process used to establish eligibility and verified the distribution of grain to Program participants by interviewing grain elevator managers and administrative personnel and by reviewing the grain elevator weight tickets.

We conducted the survey in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures that were considered necessary under the circumstances. As part of our audit, we reviewed the Department's Accountability Report for fiscal year 1997, which includes information required by the Federal Managers' Financial Integrity Act of 1982, and the Bureau's annual assurance statement and determined that there were no reported control weaknesses related to the audit objective.

PRIOR AUDIT COVERAGE

During the past 5 years, neither the Office of Inspector General nor the General Accounting Office has issued any reports on the Indian Acute Distress Donation Program.

RESULTS OF SURVEY

We found that the Bureau of Indian Affairs Blackfeet Agency, the Chippewa Cree Tribe of the Rocky Boy's Reservation, and the Assiniboine and Sioux Tribes at the Fort Peck Indian Reservation did not ensure that emergency feed grains were distributed only to eligible applicants in accordance with the requirements of the 1978 Memorandum of Understanding Number 5 and applicable Billings Area Office instructions. Under the terms of the memorandum of understanding, the Bureau is to provide feed grain to Indian tribal members who do not have sufficient means to purchase the feed necessary to maintain the livestock used as the principal source of food and income for the members and their families. In addition, the memorandum and Area Office instructions defined the amount of grain that eligible participants could receive. However, officials at the Bureau's Headquarters did not provide supplemental instructions, and guidance from the Billings Area Office did not define

the term "principal source of income" in sufficient detail to enable Agency and tribal officials to determine eligibility. In addition, Agency and tribal officials did not provide the monitoring necessary to ensure compliance with the Program. As a result, 232,735 pounds of grain, valued at $12,400, was provided to 16 Program participants who did not have any agricultural income, and 336,000 pounds of grain, valued at $18,000, was provided to an additional 14 Program participants who did not pick up grain until the last 30 days of the Program and consequently received grain in excess of their entitlement.

Supplemental Guidance

Neither Bureau Headquarters nor Area Office officials issued supplemental guidance to the Agency or tribal officials adequately defining "principal source of income," which resulted in inconsistent determinations of eligibility. According to the memorandum of understanding, a tribal member eligible for the Program is defined as one who is without sufficient cash or credit to purchase feed to maintain his or her subsistence livestock after allowance for living expenses. The memorandum defines subsistence livestock as those animals that provide the "principal source of food and income" for the member and family but does not provide any guidelines quantifying "principal source of income." Agency officials at the Blackfeet Reservation allowed Program applicants to participate in the Program without consideration of how much of the tribal member's income was derived from agricultural sources (livestock, hay, and grain). For example, we found that 16 participants at the Blackfeet Reservation were declared eligible and received 232,735 pounds of grain, valued at $12,400, even though the 16 participants reported that they had no income from agricultural sources, while at the Rocky Boy's Reservation, 5 applicants who declared livestock income[5] ranging from 12 to 46 percent of their total income were determined to be ineligible because an official of the Chippewa Cree Tribe determined that the applicants' livestock income was not their principal source of income.

Program Monitoring

Blackfeet Agency and tribal officials did not monitor the Program to ensure that grain deliveries to participants were limited to amounts authorized under the memorandum of understanding and additional Billings Area Office instructions. Under these criteria, the Bureau is to make feed grain available to participating Indians based on each participant's maximum daily allowance multiplied by the number of days remaining from the date of pickup to the end of the Program for the designated area.[6] For example, a participant picking up grain for the first time 30 days before the end of the Program would be entitled to only a 30-day allotment of grain, and a participant picking up grain for the first time on the last day of the Program would be entitled to a 1-day allotment of grain. However, the Bureau did not inform either the participants or the grain elevator operators of this requirement. As a result,

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[5]At the Rocky Boy's Reservation, livestock income, rather than total agriculture income, was considered in determining Program eligibility.

[6]The length of the Program varied at the three locations because of differences in application, approval, and Program ending dates.

at least 14 participants at the three locations visited picked up 336,000 pounds of grain, valued at $18,000, in excess of amounts allowable under the Program. For example:

- At the Blackfeet Reservation, one participant was awarded 150,738 pounds of grain, valued at $8,008, for a 111-day period. He picked up his entire allotment on May 30, 1997, 1 day before the Program ended. Based on the criteria, the participant was entitled to only a 2-day allotment, or 2,716 pounds of grain, valued at $144. Thus, the participant received 148,022 pounds of grain, valued at $7,864, for which he was not eligible.

- At the Fort Peck Reservation, one participant was awarded 27,190 pounds of grain, valued at $1,473, for a 66-day period. His first grain pickup was on April 15, 1997, which entitled him to 16 days of grain until the April 30, 1997, Program ending date. Thus, the participant received $1,115 worth of grain for which he was not eligible.

- At the Rocky Boy's Reservation, one participant was awarded 21,125 pounds of grain, valued at $1,131, for a 67-day period. He picked up his entire allotment on April 15, 1997, 30 days before the May 14, 1997, Program end date. Based on the criteria, the participant was entitled to only 9,459 pounds of grain, valued at $506. Thus, the participant received 11,666 pounds of grain, valued at $625, for which he was not eligible.

Conclusion

The American Indian Livestock Feed Program, which will replace the Indian Acute Distress Donation Program, will be administered directly by tribal governments through the Department of Agriculture's Commodity Credit Corporation and will not involve the Bureau of Indian Affairs. Accordingly, we are not making recommendations to correct the deficiencies in the Program criteria we reviewed. In addition, we are not recommending that the Bureau recover the value of the excess grain delivered to participants because the participants were not informed that they were entitled to obtain grain only for the period from the date of delivery to the date of the end of the Program, and the Bureau and the tribes informed applicants who had no agricultural income that they were eligible for the grain.

On August 13, 1998, we discussed a preliminary draft of this report with Billings Area Office officials, who generally agreed with the report. Their comments were considered and incorporated into this report as appropriate.

Since this report does not contain any recommendations, a response is not required.

The legislation, as amended, creating the Office of Inspector General requires semiannual reporting to the Congress on all audit reports issued, actions taken to implement audit recommendations, and identification of each significant recommendation on which corrective action has not been taken.

We appreciate the assistance of Bureau and tribal personnel in the conduct of our survey.

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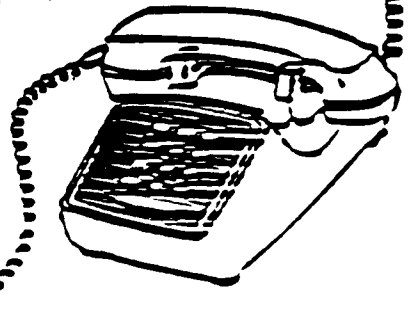
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