



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

## **AUDIT REPORT**

**EXCESS FEDERAL PERSONAL PROPERTY  
DONATED TO INDIAN TRIBAL ORGANIZATIONS  
BY THE PORTLAND AREA OFFICE,  
BUREAU OF INDIAN AFFAIRS**

**REPORT NO. 99-I-187  
JANUARY 1999**



# United States Department of the Interior

OFFICE OF INSPECTOR GENERAL  
Washington, D.C. 20240

JAN 23 1999

## Memorandum

To: Assistant Secretary for Indian Affairs

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

Subject: Audit Report on Excess Federal Personal Property Donated to Indian Tribal Organizations by the Portland Area Office, Bureau of Indian Affairs  
(No. 99-I-187)

This report presents the results of our audit, undertaken at the request of the General Services Administration, of the acquisition and use of excess personal property by the Bureau of Indian Affairs and Indian tribal organizations. The objective of the audit was to determine whether the Bureau and the tribal organizations were complying with the requirements for the acquisition, donation, and use of excess personal property on contracts and agreements awarded under the Indian Self-Determination and Education Assistance Act.

We reviewed the acquisition, donation, and use of excess personal property by the Bureau's Portland Area Office, including 7 of the Area Office's 12 agency offices, and 12 tribal organizations for fiscal years 1995, 1996, and 1997. Based on our review, we concluded that, during that period, neither the Bureau offices nor the tribal organizations fully complied with Federal regulations in acquiring and using excess personal property associated with contracts or agreements awarded under the Act. This occurred because the Bureau and the tribal organizations did not have the procedures necessary to ensure that requests for excess personal property were adequately supported and that such property was properly used and accounted for. As a result, we identified excess personal property with an original acquisition cost of \$13.3 million that had been transferred by the Bureau to tribal organizations without adequate documentation.\* This amount included property with an original acquisition cost of \$5.4 million that was not used for authorized purposes. We also found that tribes were not certain as to how to dispose of excess personal property and treat any proceeds from such disposals.

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\*The transfer orders involved excess personal property with an original acquisition cost of \$13.3 million. The dollar amounts identified in this report are based on the Government's original acquisition cost because we could not identify the value of the property at the time of transfer, as Federal agencies are not required to maintain data on the depreciated value of property or its fair market value. Nevertheless, because of depreciation, we believe that it is reasonable to assume that the value of the property when it was transferred to tribal organizations was less than the amount paid by the Government to originally acquire the property.

We made four recommendations to improve the acquisition, use, and disposal of excess personal property acquired by Indian tribal organizations. Specifically, we recommended that the Bureau, with tribal participation, develop procedures that adequately document transfer order requests and that adequately account for personal property to ensure that cognizant Bureau officials approve property transfers only after the requesting tribal organizations state how the acquisition of the property is appropriate for use under self-determination contracts or agreements and to clarify the disposal requirements for donated excess personal property.

On August 28, 1998, subsequent to the completion of our fieldwork, the Bureau's Deputy Commissioner issued interim guidance pertaining to the acquisition and donation of excess personal property to tribal organizations. In its December 28, 1998, response (Appendix 3) to the draft report, the Bureau concurred with the report's recommendations. Based on the response, we considered all of the recommendations resolved and implemented.

Since the report's recommendations are considered resolved and implemented, no further response to this report is required (see Appendix 4).

The legislation, as amended, creating the Office of Inspector General requires semiannual reporting to the Congress on all audit reports issued, the monetary impact of the findings (Appendix 1), 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 audit.

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# INTRODUCTION

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## BACKGROUND

The Indian Self-Determination and Education Assistance Act (Public Law 93-638, as amended) authorized the Secretary of the Interior to enter into self-determination contracts and agreements with Indian tribes or tribal organizations authorizing them to operate programs previously administered by the Secretary for the benefit of Indians. The Act also authorized grant agreements with tribal organizations to strengthen tribal governments, to improve the ability of tribal organizations to enter into self-determination contract agreements, and to acquire land relative to the purposes of the grants. Section 105(f) of the Act authorized the Secretary to acquire excess personal property<sup>1</sup> “for donation to an Indian tribe or tribal organization if the Secretary determines [that] the property is appropriate for use by the tribe or tribal organization for a purpose for which a self-determination contract or grant agreement is authorized under the Act.” The donation authority also applies to tribal organizations that have entered into (1) self-governance agreements with the Secretary, as specified by Section 406(c) of the Act, and (3) grants for the operation of tribally controlled schools, in accordance with Section 5209 of the Tribally Controlled Schools Act of 1988 (Public Law 100-297).

To identify and acquire excess personal property under the donation authority, tribal organizations employ individuals known as screeners, who must be certified by the Bureau of Indian Affairs and the General Services Administration. The certification authorizes screeners to visit Federal facilities and identify excess personal property that could be used under a self-determination contract or agreement. When suitable property is identified, the screener reserves the property, pending approval of the transfer by the Bureau. To acquire the property, a tribal organization completes and submits to the Bureau the form “Transfer Order, Excess Personal Property” (General Services Administration Standard Form 122), which identifies the property to be transferred and includes a description of the property and the Government’s original acquisition cost. The property transfer order is subsequently reviewed and approved by a Bureau official, such as an area office property officer or an agency superintendent. Once the transfer order is approved, the Bureau forwards the order to the appropriate General Services Administration regional office for final approval by the Administration’s regional property official. The Administration then notifies the tribal organization that it can take possession of the property.

Although the Bureau does not take physical possession of the excess personal property of other Federal agencies, it technically takes title to such property because only the Secretary, acting through the Bureau, has the legal authority to transfer excess Federal personal property to tribal organizations for authorized purposes. As specified in the Code of Federal

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<sup>1</sup>According to the General Services Administration and as used in this report, excess personal property is defined as personal property under the control of any Federal agency that is no longer needed for the discharge of the agency’s responsibilities.

Regulations (25 CFR 900.105), title to the donated property passes to the tribal organization once the organization takes possession of the property.

## **OBJECTIVE AND SCOPE**

We conducted our audit between January and July 1998 at the request of General Services Administration officials, who expressed concerns about the quantity of excess personal property transferred by the Bureau to Indian tribes and about the use of such property by Indian tribes. As such, the objective of our audit was to determine whether the Bureau and Indian tribal organizations were complying with the requirements for the acquisition, donation, and use of excess Federal personal property on contracts and agreements awarded under the Indian Self-Determination and Education Assistance Act.

Our audit was limited to the activities of the Bureau's Portland Area Office, including 7 of the Area Office's 12 agency offices, and 12 judgmentally selected tribal organizations visited or contacted (see Appendix 2). To accomplish our audit objective, we interviewed personnel from the Bureau and tribal offices, the Bureau's Division of Property Management, and the General Services Administration. In addition, we reviewed 405 transfer orders and related files; property management records; legislation, regulations, and Bureau policy and procedures memoranda; and other documentation related to acquiring, accounting for, using, and disposing of excess personal property by tribal organizations during fiscal years 1995, 1996, and 1997.'

The audit was conducted 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. We also reviewed the Department of the Interior's Accountability Reports for fiscal years 1996 and 1997, which included information and assurance statements required by the Federal Managers' Financial Integrity Act, and determined that no material weaknesses were reported that directly related to the objective and scope of our review.

As part of our audit, we reviewed the Bureau's system of internal controls to the extent necessary to accomplish our audit objective and found weaknesses in the areas of (1) approving tribal requests for excess personal property and (2) accounting for transferred excess personal property to ensure that tribal programs requesting excess personal property received and used the property for authorized purposes. In addition, we identified the need for specific guidance on disposal of excess personal property obtained under the Secretary's donation authority and the use of any associated proceeds. These internal control weaknesses are discussed in the Finding and Recommendations section of this report. The recommendations, if implemented, should improve the internal controls in these areas.

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'Because the Bureau finalized regulations containing "property donation procedures" in 1996, we limited our audit effort for fiscal year 1995 to issues pertaining only to the use of donated excess personal property.'

## **PRIOR AUDIT COVERAGE**

During the past 5 years, the General Accounting Office has not issued any reports that addressed the acquisition of excess personal property by Indian tribes. **However**, in February 1995, the Office of Inspector General issued the report "Acquisition of Surplus Federal Personal Property by the Sisseton-Wahpeton Sioux Tribe" (No. 95-I-455). The report stated that the Tribe acquired more excess Federal personal property than it needed for use on Tribal self-determination contracts and grants because the Bureau did not monitor the Tribe's excess property program or provide adequate control over the acquisition process. As a result, the Tribe obtained \$63.1 million (original acquisition cost) of excess personal property in fiscal years 1991 through 1993, of which only \$3.6 million was accounted for in the Tribal property inventory. The remaining property was presumably sold by Tribal employees (screeners) at an estimated price of \$ 14.9 million, but only \$2 million recorded on sales receipts was deposited into Tribal bank accounts.

The report included two recommendations to the Bureau regarding the development of procedures to ensure that excess personal property was acquired: accounted for, and used in accordance with appropriate requirements. In an April 11, 1995, response, the Bureau concurred with the recommendations and stated that it was revising its Manual "to include procedures for contracting officers to follow in determining if excess/surplus BIA [Bureau of Indian Affairs] personal property is required to perform work within the scope of contracts, grants, or cooperative agreements." While the Bureau stated that it would try to negotiate with tribes to agree to specific standards for the proper accounting of excess personal property, the Bureau also stated that "the tribes have been given the right, under the law, to set their own standards for the proper accounting of donated surplus Federal personal property." Based on the Bureau's concurrence, the recommendations were considered resolved and implemented. During our current audit, we noted that the Bureau's Manual had not been revised but that the Bureau, in conjunction with Indian tribes, was preparing Bureau internal agency procedures which are to include procedures on property donations.

## FINDING AND RECOMMENDATIONS

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### **ACQUISITION, USE, AND DISPOSAL OF EXCESS PERSONAL PROPERTY**

The Bureau of Indian Affairs Portland Area Office, the Area Office's agency offices, and the tribal organizations reviewed did not fully comply with the requirements for the acquisition, use, and disposal of excess personal property on contracts or agreements awarded under the Indian Self-Determination and Education Assistance Act. Specifically, tribal organizations did not provide sufficient support for property transfer orders; the Area Office and its agency offices approved inadequately documented transfer orders, including blank transfer order forms; and the Area Office, its agency offices, and tribal organizations did not ensure that requested excess personal property was received at the reservation and used for authorized purposes. The Indian Self-Determination and Education Assistance Act (Public Law 93-638, Section 105(f), as amended) authorizes the Bureau to approve tribal requests to acquire excess personal property for use related to self-determination contracts or agreements. The Code of Federal Regulations (25 CFR 900.104) requires the Bureau to approve the tribal requests provided that the requests state how the property is appropriate for use under self-determination contracts or agreements. In addition, the Code (41 CFR 101-43.302) requires that Federal agencies receiving or transferring excess personal property adequately account for such property. However, the Bureau did not have procedures to ensure that (1) requests for excess personal property were adequately supported by the tribal organization and sufficiently evaluated by the Bureau and (2) approved property acquisitions were accounted for and received by the tribal organizations. The tribal organizations reviewed also did not have adequate procedures to document the need for, verify the receipt of, and dispose of excess personal property. As a result, excess personal property with an original acquisition cost of \$13.3 million was transferred without proper supporting documentation, including property with an original acquisition cost of \$5.4 million that we believe was not used for authorized purposes.'

#### **Request for and Approval of Excess Personal Property**

The Code of Federal Regulations (25 CFR 900.103, effective August 23, 1996) states that tribal organizations "shall file a request for specific property with the Secretary, and shall state how the property is appropriate for use for a purpose for which a self-determination contract or grant [agreement] is authorized under the Act." Furthermore, according to the

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'These transfer orders involved excess personal property with an original acquisition cost of \$13.3 million. The dollar amounts identified in this report are based on the Government's original acquisition cost because we could not identify the value of the property at the time of transfer, as Federal agencies are not required to maintain data on the depreciated value of property or its fair market value. Nevertheless, because of depreciation, we believe that it is reasonable to assume that the value of the property when it was transferred to tribal organizations was less than the amount paid by the Government to originally acquire the property.'

comments preceding the published regulations,' the statement of use should be "concise" and "simple" rather than a "detailed submission." However, of the 405 property transfer orders that we reviewed for property with an original acquisition cost of \$ 13.3 million, we found that only 12 transfer orders contained sufficient documentation to meet the requirement for a statement of use but that 147 transfer orders did not identify the self-determination program for which the property would be used (97 transfer orders cited only "self-governance compacts" or "self-determination contracts" with multiple programs, 42 transfer orders cited only public law references, and 8 transfer orders had no justification or program cited) and that 246 transfer orders cited a specific self-determination program by name or contract number but did not contain information such as why the property was needed. Overall, 97 percent of the transfer orders did not state how the property would be appropriate for use for self-determination contracts or agreements.

Because the tribal organizations did not submit adequate documentation showing how they would use the requested property, cognizant Bureau approving officials did not have sufficient information upon which to base their decisions to approve a transfer order, nor did the officials request additional information. For example, we found that the approving official at the Colville Agency signed or preapproved blank transfer order forms to "expedite the process." During our review of the Colville Tribes' files, we found five such original preapproved forms. As such, these forms could have been used by the screener to obtain an unlimited quantity of excess personal property items without any further review by the Bureau or the Colville Confederated Tribes.

At the tribal level, we found that the tribal organizations reviewed did not have adequate procedures to establish and document their need for excess personal property for use in their authorized programs. For example, employees at the Nez Perce and Coeur d'Alene Tribes stated that they communicated their property needs informally to the cognizant tribal screener without any documentation of their property needs. We found that the Nisqually, Colville, Shoalwater Bay, Quinault, and Yakama Tribes sometimes used "wish lists" to document their programs' needs for property. However, the lists did not consistently identify the contract or agreement under which the property was needed, nor did the lists identify what the property would be used for. We also found that the transfer orders at only three of the tribes reviewed (Nez Perce, Coeur d'Alene, and Shoshone-Bannock) were approved by cognizant tribal officials who would have knowledge of equipment needs. Without such information on the transfer orders or as supplements to the orders, Bureau approving officials were not given written assurance that the transfer orders were authorized by cognizant tribal officials.

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'From the summary of comments preceding the published regulations. Source: "Federal Register," June 24, 1996 (Volume 61, Number 122, page 22491).

'The transfer orders were from those provided by the General Services Administration's Regional Inspector General for Investigations.

## Use of, Accounting for, and Disposal of Excess Personal Property

The Code of Federal Regulations (41 CFR 101-43.302) requires that Federal agencies receiving or transferring excess personal property establish controls over the processing of transfer orders. However, we found that none of the five Bureau offices visited adequately accounted for the excess personal property. Specifically, although two agency offices maintained records to track what transfer orders were processed, none of the offices verified that the tribal program requesting the excess personal property received the items. We also found that tribes used excess personal property for purposes other than supporting programs under self-determination contracts and were uncertain as to the procedure for disposing of the property.

**Use of Excess Personal Property.** Because the Bureau offices reviewed did not properly approve transfer orders or adequately account for excess personal property transferred to the tribal organizations reviewed, there was a lack of assurance that transferred property was used for purposes appropriate to specific self-determination contracts or agreements. We found that eight tribal organizations obtained excess Federal property with an original acquisition cost of about \$5.4 million for non-self-determination activities.<sup>6</sup> Specifically, five tribes obtained property for use on noncontract or grant programs; six tribes obtained property for the purposes of sale, trade-in, or lease; and six tribes obtained property for distribution to tribal members.’ For example:

- At the Yakama Nation, three non-Bureau programs receiving excess personal property were the Yakama Forest Products Enterprise, a program on aging funded by the State of Washington, and a Headstart program funded by the Department of Health and Human Services. These programs were not contracted with the Bureau and therefore were not eligible to receive excess personal property under the Code (25 CFR 900.104). In addition, tribal members received furniture and household items donated from excess Federal property. While we were able to identify the property distributed to these programs and to tribal members based on records maintained by the screener, we were unable to identify the property to specific transfer orders. The screener told us that he used different contract numbers when screening furniture, including the Nation’s enrollment contract with the Bureau. Based on our review of the work to be performed under the self-determination enrollment contract, we found no reference in the contract to support that excess furniture should be provided to other programs or tribal members, and based on our review of tribal records, we found that the enrollment program office did not receive any excess property.

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“We did not identify any transferred excess property used for unauthorized purposes at the Nez Perce, Coeur d’Alene, Spokane, or Salish and Kootenai Tribes.

‘The Yakama, Kootenai, Colville, Shoalwater Bay, and Shoshone-Bannock Tribes obtained \$4,403,872 of excess property for use on unauthorized programs. The Yakama, Colville, Shoalwater Bay, Quinault, Shoshone-Bannock, and Jamestown S’Klallam Tribes obtained \$736,981 of property for the purposes of sale, trade-in, or lease. The Yakama, Kootenai, Colville, Nisqually, Quinault, and Shoalwater Bay Tribes obtained \$234,781 of property for distribution to tribal members.

Therefore, we concluded that furniture and household items totaling about \$235,000 screened under the enrollment contract were not used for contract purposes.

- At the Colville Confederated Tribes, donated excess personal property was routinely distributed to unauthorized programs and tribal enterprises, including the Colville Tribal Services Corporation, the Colville Tribal Enterprises Corporation, the Roosevelt Recreational Enterprise, the Tribes Gaming Commission, a Headstart program funded by the Department of Health and Human Services, and a program on aging funded by the State of Washington. While we were able to identify many of the property distributions to these programs based on records maintained by the Tribes' screener, we were not able to identify all of the property items to specific transfer orders because the transfer orders referred only to a public law citation, with no further details on how the property would be used. However, we identified property that had an original acquisition cost of \$455,000 which was obtained for Tribal enterprises. This property included titanium, which the Tribe sold, and a pickup truck assigned to the construction enterprise, which Tribal officials said was in Arizona on a construction project.

- The Shoshone-Bar-mock Tribes screened and obtained 61 revolvers (original acquisition cost of \$24,400) to use as trade for new shotguns, ammunition, and other law enforcement equipment. The revolvers were transferred via a transfer order approved by the Bureau but not by the General Services Administration. The Tribes' Police Chief told us that trades were completed in which he received 10 new shotguns in exchange for 13 revolvers and that 8 or 9 additional revolvers were traded for 9,000 rounds of ammunition. The Police Chief was planning to trade additional revolvers for bulletproof vests. The remaining revolvers had not been traded or issued to officers. A General Services Administration official told us that these revolvers should not have been transferred to the Tribes because of the Administration's written policy that excess weapons should be used only by other Federal agencies.

- The Shoalwater Bay Tribe obtained excess personal property that was used in trade with third-party firms. The Tribe used third-party firms to transport, repair, and/or store excess personal property, but Tribal officials stated that funds were not available to pay for these services. As a result, trades often occurred in which title to the excess personal property was transferred to the third-party firms in exchange for their services. Similarly, the Tribe traded excess personal property for equipment and other services to benefit a Tribal enterprise. We identified 14 trades for which the Tribe received about \$55,000 worth of equipment and services.

- The Jamestown S'Klallam Tribe obtained an excess barge crane (original acquisition cost of \$708,845) in 1996. The transfer order stated that the barge crane "will be utilized in the performance of a PL [Public Law] 93-638 Contract Grant." In 1997, the General Services Administration found that the Tribe did not take possession of the barge crane. Instead, a barge and tug company delivered it directly from the Federal Government to a private company that had a lease-purchase arrangement with the Tribe. The financial

terms of the agreement were for the company to pay the Tribe \$73,500 over 5 years, with an option to purchase the barge crane for \$262,500 after the fifth year.

- An official of the Kootenai Tribe of Idaho told us that the Tribal screener placed clothing obtained through the excess property program in the Tribes' recreation room and that Tribal members were allowed to take possession of the property on a first-come, first-served basis without signing for the clothing. Therefore, the distributions were not related to authorized self-determination programs.

Based on our review, we believe that guidance needs to be issued which specifies the length of time excess Federal property must be used for purposes relating to self-determination contracts or agreements.

**Accounting for Excess Personal Property.** Of the Bureau offices visited, only the Northern Idaho and the Spokane Agencies maintained adequate records of the transfer order forms processed by the respective agency. At the Yakama Agency, which did not maintain any documentation, Agency officials stated that they relied on the records kept by the Yakama Nation. At the other offices visited, the documentation that did exist was disorganized and incomplete. As such, we could not determine from Bureau or tribal files whether property that was approved for transfer was picked up by authorized tribal representatives and received by the tribe. Although the Bureau is not required to record this property in its property management system, the Bureau, in effect, takes title to this excess personal property, since only the Secretary is authorized to transfer title to the property to tribal organizations. As such, we believe that the Bureau should maintain a record of sufficiently documented transfer orders and receipt documentation, which would assist Bureau officials in safeguarding the integrity of the program.

We also found that none of the Bureau offices or tribal organizations visited had written procedures to verify that the tribal program which requested excess personal property had received the property. However, we believe that these procedures would help protect the program from fraud and abuse which could result from the insufficient separation of duties and oversight at the tribal level. Specifically, the tribal screener is usually involved with all facets of the acquisition of excess Federal property, from screening property and preparing transfer orders to picking up the property, with little or no oversight from tribal officials. However, we believe that the Bureau, working with tribal organizations, should establish procedures to ensure that the tribal programs which request excess property receive the items. These procedures could include a receipt document (for example, the transfer order itself) signed by tribal officials other than the screener.

**Disposal of Excess Personal Property.** The Code of Federal Regulations (25 CFR 900.5 1) states that tribal property management systems should contain requirements for the use, care, maintenance, and disposition of property in which the property is vested to the tribal organization or the Federal Government. As title to excess Federal property is vested to tribal organizations, excess property no longer needed for the contract should be disposed of in accordance with the tribal property management requirements. However, we found that

a considerable amount of confusion existed among the tribes regarding how long excess property should be held before it could be disposed of and how proceeds resulting from the disposal of the property would be treated. For example:

- A Yakama Tribal Council member who had significant experience in purchasing and managing property told us that the Bureau's standard for retaining excess property items was a minimum of 1 year, **after** which the Tribe could dispose of the items in accordance with Tribal procedures. At the Quinault Indian Nation, officials referred to holding periods of from 12 to 18 months. Personnel from other tribes told us that they follow a 1-year holding period, but we were unable to find written guidance regarding the time to hold property at any of the Bureau or tribal locations visited.

- Six of the tribes reviewed disposed of donated excess Federal property through sales, auctions, trade-ins, or barter. For example, in May 1997, the Yakama Nation conducted a sale of both tribal and excess property. The donated excess property consisted of 11 vehicles which were apparently used by self-determination programs, but a Nation board of survey concluded that the property was no longer needed for these programs. As such, the Nation generated revenues of \$3,132 from the sale of excess personal property, which was deposited into the Nation's general fund. Nation employees told us that they did not consult with the Bureau's Portland Area Office prior to holding the sale but that verbal approval was given by the Bureau's Yakama Agency. At the Colville Confederated Tribes, the titanium sheets acquired as excess property were sold for \$17,328 to a non-Tribal party, and the proceeds were credited to the Colville Tribal Services Corporation. We were unable to determine in either instance whether the proceeds benefited self-determination programs.

- Other tribes were hesitant to hold sales or otherwise dispose of property that was no longer needed or functional. At the Nisqually Tribe, several large equipment items were cannibalized, with the remaining components stored outdoors, which resulted in deterioration, creating an unsightly and potentially hazardous condition. Tribal officials told us that they wanted to dispose of these items but that they did not know what regulations would govern such a sale. At the Quinault Indian Nation, property that was no longer needed was stored near the Tribal Police Station, and a Nation official said that he was interested in having a sale but did not know the procedures for obtaining clearance to dispose of excess personal property.

Based on our review, we believe that the Bureau and the Indian tribes should work jointly to develop criteria and procedures which address sales, trade-ins, and other methods of disposing of excess personal property. The criteria and procedures should include the minimum amount of time the tribal organization needs to use the property before it can dispose of an item and guidance on how to handle disposals.

## **Recommendations**

We recommend that the Assistant Secretary for Indian Affairs direct appropriate Bureau officials, in coordination with tribal representatives, to:

1. Ensure that documentation is included with tribal requests for donated excess Federal property and that it states how the property is appropriate for a specific contract or agreement awarded under the Indian Self-Determination and Education Assistance Act.

2. Approve requests for excess property only when such requests are adequately supported and approved by cognizant tribal officials.

3. Develop procedures which specify the length of time excess personal property must be used on a self-determination contract or agreement and ensure that cognizant Bureau personnel maintain adequate documentation of the approved transfer orders and the subsequent receipt of the property by Indian tribal organizations. At a minimum, the documentation should include the transfer order forms approved by the Bureau and the General Services Administration and the corresponding receipt documents signed by tribal personnel.

4. Clarify to tribal organizations that excess personal property donated by the Bureau of Indian Affairs should be disposed of in accordance with the organization's property management system, as for any other property the organization owns, and that approval for disposal is not required from the Bureau.

## **Bureau of Indian Affairs Response and Office of Inspector General Reply**

In the December 28, 1998, response (Appendix 3) to the draft report, the Bureau of Indian Affairs concurred with Recommendations 1, 2, 3, and 4. Based on the response, we consider all of the recommendations resolved and implemented (see Appendix 4).

## **Additional Comments on Audit Report**

In its response, the Bureau provided additional comments on Appendix 1, "Classification of Monetary Amounts," of the draft report as follows:

Any savings resulting from the Bureau's implementation of the recommendations would be realized by the Federal Government as a whole and not the Bureau of Indian Affairs. Since the purpose of the program is to minimize the expenditure of Bureau funds for the purchase of equipment, the only funds the Bureau can put to better use are the funds spent on processing requests for property that is not used for authorized purposes. Such amount does not approach \$5.4 million. Therefore, we ask that the report be revised to state that the monetary impact of the finding is to the Federal Government and not the Bureau.

We have revised Appendix 1 to reflect the Bureau's comments.

## CLASSIFICATION OF MONETARY AMOUNTS

Finding Area	Funds To Be Put To Better Use
Acquisition and Use of Excess Personal Property	\$5.4 million <sup>7</sup>

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\*This amount represents the Government's original acquisition cost of excess personal property donated to eight tribal organizations that was not used for activities related to self-determination contracts or agreements. Because of depreciation, we believe that it is reasonable to assume that the value of this property when it was transferred was less than the amount paid by the Government to originally acquire the property. Any savings resulting from the Bureau's implementation of the recommendations would be realized by the Federal Government and not the Bureau of Indian Affairs.

## OFFICES VISITED OR CONTACTED

OFFICE	LOCATION
Bureau of Indian Affairs	
Portland Area Office	Portland, Oregon
Yakama Agency	Toppenish, Washington
Northern Idaho Agency	Lapwai, Idaho
Spokane Agency	Wellpinit, Washington
Colville Agency	Nespelem, Washington
Flathead Agency*	Pablo, Montana
Fort Hall Agency*	Fort Hall, Idaho
Siletz Agency'	Siletz, Oregon
Tribal Organizations	
Yakama Indian Nation	Toppenish, Washington
Nez Perce Tribe	Lapwai, Idaho
Kootenai Tribe of Idaho	Bonners Ferry, Idaho
Coeur d'Alene Tribe	Plummer, Idaho
Spokane Tribe	Wellpinit, Washington
Colville Confederated Tribes	Nespelem, Washington
Nisqually Tribe	Olympia, Washington
Quinault Indian Nation	Taholah, Washington
Shoalwater Bay Tribe	Tokeland, Washington
Confederated Salish and Kootenai Tribes*	Pablo, Montana
Shoshone-Bannock Tribes*	Fort Hall, Idaho
Jamestown S'Klallam Tribe	Sequim, Washington

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\*Contacted only.



# United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

**DEC 28 1998**

## Memorandum

To: Assistant Inspector **General for Audits**

From: Assistant Secretary - Indian Affairs *Kevin J. [Signature]*

Subject: Draft Audit Report on Excess **Federal Personal Property Donated** to Indian Tribal Organizations by the Portland Area Office, Bureau of Indian Affairs (Assignment No. W-I%BIA-001-98-R)

The draft audit report concluded that the Bureau offices within the Portland Area and the **tribal** organizations reviewed did not **fully** comply with the requirements for the acquisition, use, and **disposal** of excess personal property acquired in support of contracts or agreements awarded under **the** Indian Self-Determination and Education Assistance Act. Specifically, tribal organizations did not provide sufficient support for property transfer orders; the Bureau offices approved inadequately documented transfer orders or simply provided tribes with signed blank transfer order forms; and that there was no assurance that the excess property was received **at the reservation and used** for authorized **purposes**.

The Bureau of Indian Affairs generally agrees with the findings contained in the audit report and appreciates the changes made to the report as a result of the exit conference. In addition to our responses to the recommendations, we offer the following comments on the contents of the report and ask that the comments be considered when you prepare the final audit report.

### **Classification of Monetary Amounts**

**Any** savings resulting from the Bureau's implementation of the recommendations would **be** realized by the Federal Government as a whole and not the Bureau of Indian Affairs. Since the purpose of the program is to minimize the expenditure of Bureau funds for the purchase of equipment, the only funds the Bureau can put to better use are the funds spent on processing requests for property that is not used for authorized purposes. Such amount does not approach \$5.4 million. Therefore, we ask that the report be revised to state that the monetary impact of the finding is to the Federal Government and not the Bureau.

## Recommendations

We [The Office of Inspector General] recommend that the Assistant Secretary for Indian Affairs direct appropriate Bureau officials, in coordination with tribal representatives, to:

1. Ensure that documentation is included with tribal requests for donated excess Federal property and that it states how the property is appropriate for a specific contract or agreement awarded under the Indian Self-Determination and Education Assistance Act.
2. Approve requests for excess property only when such requests are adequately supported and approved by cognizant tribal **officials**.
3. Develop procedures which **specify** the length of time excess personal property must be used on a self-determination contract or agreement and ensure that cognizant Bureau personnel **maintain** adequate documentation of the approved transfer orders and the subsequent receipt of the **property** by Indian tribal organizations. At a minimum, the documentation should include the transfer order forms approved by the Bureau and the General Services Administration and the corresponding receipt documents signed by tribal personnel.

Bureau Response. The Bureau concurs. Interim administrative guidance on the acquisition and donation of excess personal property to Indian tribes and tribal organizations was issued in August 1998. These new procedures should significantly improve the overall process, especially as it relates to documenting the need for the **property for use** on self-determination contracts or grants. As discussed at the exit conference, the Bureau will revise Exhibit 3, Statement of Use of Excess Personal Property, to include the signature of the tribal requesting official.

The Bureau has no basis for specifying the length of time excess personal property must be used on a self-determination contract or grant. Nevertheless, we believe that by strengthening the procedures for the acquisition of the property, we can better ensure that the property will be used for the intended contract purposes.

The Bureau considers these recommendations resolved and implemented.

4. Clarify to tribal organizations that excess personal property donated by the Bureau of Indian Affairs should be disposed of in accordance with the organization's property management system, like any other property which the organization owns, and that approval **for** disposal is not required from the Bureau.

Bureau Response. The Bureau concurs. The interim procedures clearly state that the Bureau has no authority or role in disposing of excess property of other Federal agencies acquired by an Indian tribe or tribal organization. The property should be disposed of in accordance with the Indian tribe's internal procedures. The Bureau considers this recommendation resolved and implemented.

**STATUS OF AUDIT REPORT RECOMMENDATIONS**

Finding/ Recommendation Reference	Status	Action Required
1, 2, 3, and 4	Implemented.	No <b>further</b> action is required.

**ILLEGAL OR WASTEFUL ACTIVITIES  
SHOULD BE REPORTED TO  
THE OFFICE OF INSPECTOR GENERAL**

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