



OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR

# **INDIAN AFFAIRS OFFICES' POOR RECORDKEEPING AND COORDINATION THREATEN IMPACT OF TIWAHE INITIATIVE**



OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR

Memorandum

SEP 28 2018

To: John Tahsuda, III  
Principal Deputy Assistant Secretary, Indian Affairs

From: Mary L. Kendall *Mary L. Kendall*  
Deputy Inspector General

Subject: Final Evaluation Report – Indian Affairs Offices’ Poor Recordkeeping and  
Coordination Threaten Impact of Tiwahe Initiative  
Report No. 2017-ER-018

This memorandum transmits our evaluation of the distribution of Tiwahe Initiative funds to Title IV tribes. The Offices of the Assistant Secretary – Indian Affairs (AS-IA), Self Governance, and Indian Services each played a role in the distribution process. The Office of Indian Services selected a funding criteria and methodology and distributed the funds to the Office of Self Governance, which is the recordkeeping entity and liaison for Title IV tribes. AS-IA oversaw the distribution and acted as a final arbiter in funding decisions.

We found that Tiwahe Initiative funds were not distributed accurately to all eligible tribes. This was due to several factors:

- The Office of Self Governance’s inaccurate recordkeeping
- The Office of Indian Services’ inconsistent application of the formula used to calculate funding amounts for the distribution
- Both offices’ failure to communicate with each other
- The absence of policy at either office to manage major distributions like Tiwahe

Based on your response to our draft report, we consider five of our recommendations resolved but not implemented and two unresolved. We will refer all of our recommendations to the Assistant Secretary for Policy, Management and Budget to track their implementation. If you have any questions, please contact me at 202-208-5745.

The legislation creating the Office of Inspector General requires that we report to Congress semiannually on all audit, inspection, and evaluation reports issued; actions taken to implement our recommendations; and recommendations that have not been implemented.

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## Results in Brief

We evaluated the policies and practices of the Office of Indian Services and the Office of Self Governance, two organizations within the Office of the Assistant Secretary of Indian Affairs (AS-IA) that manage aspects of distributing appropriated funds to American Indian and Alaska Native tribes. Our evaluation focused on whether the Tiwahe Initiative (a pilot program with the goal of funding tribal social service and child welfare programs) was distributed accurately to all eligible tribes.

Our focus was Tiwahe funds received by Title IV tribes, which operate through self-governance compacts with the Bureau of Indian Affairs (BIA) and are administered by the Office of Self Governance. These tribes have full control over their programs. For comparison, we used Tiwahe funds received by Title I tribes, which operate in part through contracts with the BIA and are administered by BIA regional offices.

We found that many Title IV tribes may not be receiving the funding they should be; we estimate that tribes have been underfunded by at least \$458,400 to date.<sup>1</sup> We found inadequate recordkeeping, inconsistent application of the methodology used to determine tribes' funding amounts under Tiwahe, failure of the Offices of Indian Services and Self Governance to communicate effectively with each other, and missing policy at both offices. These issues created inaccuracies and inefficiencies that may affect the future delivery of Tiwahe funding to tribes.

This report has implications for how the BIA budgets are used for individual tribal programs now and in the future. The problems with the budget records we reviewed apply to the funding data for many other tribal programs, putting BIA at risk for similar issues if funding distributions such as Tiwahe occur again.

We provide seven recommendations that will help AS-IA correct issues with the Tiwahe distribution, manage the Offices of Self Governance and Indian Services, and improve the accuracy and efficiency of any future distributions affecting all eligible tribes. After reviewing a draft version of our report, AS-IA concurred with four of our recommendations, did not concur with two recommendations, and partially concurred with one.

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<sup>1</sup> Inaccurate reporting of some tribal budgets limited our estimate.

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# Introduction

This evaluation focuses on the Office of Indian Services and the Office of Self Governance, two organizations within the Office of the Assistant Secretary for Indian Affairs (AS-IA) that manage aspects of funding for American Indian and Alaska Native tribes. We reviewed the roles of these offices in distributing moneys to tribes for funding social service and child welfare programs through the Tiwahe Initiative, a 5-year pilot program (fiscal years (FYs) 2015 through 2019) intended to protect and strengthen tribal communities.

## The Tiwahe Initiative

The Tiwahe Initiative is designed to support child welfare and family stability, and to promote an integrated approach to addressing the interrelated problems of poverty, violence, and substance abuse in tribal communities. Tiwahe is intended to expand social services and similar programs to address child and family welfare, job training, and incarceration issues.

As part of Tiwahe, appropriations increased for all eligible tribes in FY 2015. These funding increases are supposed to be permanently added to the tribes' budgets after Tiwahe ends.

## Title I Tribes vs. Title IV Tribes

The Bureau of Indian Affairs (BIA) provides services, either directly or through contracts, grants, or compacts, to approximately 2 million American Indians and Alaska Natives who are members of the 567 federally recognized tribes in the 48 contiguous United States and Alaska. The BIA receives appropriated funding from Congress for these services.

The Indian Self-Determination and Education Assistance Act of 1975 (ISDEAA; Pub. L. No. 93-638, as amended May 1, 2006) divides tribes into several groups based on how they obtain funding and services from the BIA. This report discusses two of these groups, which we refer to as "Title I" and "Title IV" tribes ("Title" refers to titles in the U.S. Code):

- Title I tribes obtain services by entering into contracts with the BIA; funding for these contracts flows through BIA regional offices. While these contracts are not as stringent in their requirements as ordinary procurement contracts would be, they must be monitored and overseen by BIA officials. Services for these tribes are administered by the BIA regional offices.
- Title IV (self-governance) tribes and tribal consortia operate through tribal compacts, which are broader in scope and can include funding for every BIA program a tribe is eligible to operate. By their nature, these compacts allow tribes more autonomy and, in most cases, are not subject to BIA

involvement. With limited exceptions, tribes have been able to transition from Title I to Title IV status since 1994. Services for these tribes are administered by the Office of Self Governance.

The BIA also provides programs, services, functions, and activities on behalf of direct-service tribes that choose not to negotiate a Title I or Title IV contract or compact agreement.

## **Tribal Priority Accounting for Social Services, Indian Child Welfare Act, and Consolidated Tribal Government Programs**

The BIA's annual *Budget Justifications* (a publication that lists and provides justification for all Indian Affairs programs and performance data for the fiscal year) identifies a Tribal Priority Allocations budget category. This category shows the amount of funding provided for basic tribal services and was created to further tribal self-determination by allowing tribes to establish their own priorities and reallocate Federal funds among Tribal Priority Allocations programs, including social service programs and programs in support of the Indian Child Welfare Act of 1978 (Pub. L. No. 95-608).

Within the Tribal Priority Allocations category, Social Services program funding supports programs for Title I and Title IV tribes. Approximately 300 tribes, tribal consortia, and BIA agencies receive this funding every year to support an array of activities that aim to strengthen Indian families and promote family stability. Of these 300 entities, approximately 34 percent are Title IV tribes that receive funds through ISDEAA annual funding agreements.

In addition, Child Welfare program funding supports tribes as authorized under the Indian Child Welfare Act. Approximately 360 tribes and tribal consortia receive this funding each year to prevent the separation of and help to reunify Indian families. Of these 360 entities, 27 percent are Title IV tribes that receive funds through ISDEAA annual funding agreements.

The Consolidated Tribal Government Program (CTGP) aggregates Tribal Priority Allocations program funding. Depending on the tribe, CTGP funding levels may contain funding for a variety of programs, including additional funds for the Social Services and Child Welfare programs. Tribes control how to spend CTGP funds and have the freedom to move funding between the CTGP and other Tribal Priority Allocations programs.

The Office of Self Governance once publicly tracked Title IV tribes' individual CTGP funding levels in the BIA's *Budget Justifications*, but the office stopped tracking the component program funds in CTGP data in 2005. In addition, the office does not typically report year-to-year updates to funding levels for

individual Tribal Priority Allocations programs, such as Social Services and Child Welfare, in the *Budget Justifications*.

## **Responsibilities of the Offices of Indian Services and Self Governance**

The Office of Indian Services manages tribal financial assistance programs by developing and implementing social service regulations, policies, and procedures and by managing all human-service-related financial assistance programs.

The Office of Self Governance develops and implements regulations, policies, and guidance in support of tribal self-governance; facilitates the negotiation of annual funding agreements<sup>2</sup> with eligible tribes and tribal consortia; coordinates the collection of budget and performance data from tribes; and resolves issues identified in financial and program audits of self-governance operations.

Both offices were involved in the Tiwahe distribution. The Office of Indian Services developed the methodology used to calculate the amount each tribe would receive under Tiwahe, and the Office of Self Governance provided Title IV tribal data to the Office of Indian Services to aid in its calculations.

## **Methodology Used To Distribute Tiwahe Funds**

All eligible tribes<sup>3</sup> were granted the following funding increases under Tiwahe:

- An 8.07 percent increase to their Tribal Priority Allocations Social Services funding levels (as published in the 2014 *Budget Justifications*)
- A 21.54 percent increase to their Tribal Priority Allocations Child Welfare funding levels (as published in the 2014 *Budget Justifications*)

The Code of Federal Regulations (25 C.F.R. § 1000.109) states that “general increases due to Congressional appropriations,” like the Tiwahe Initiative, “must be applied consistently, except where used to achieve equitable distribution among regions and Tribes.”

FY 2015, the first year of Tiwahe, saw a \$3,472,021 increase to Title IV tribes’ Social Services and Child Welfare program funding. To date, total Tiwahe funding across all tribes, including Title IV, Title I, and other tribes administered by BIA regional tribal offices, is \$20,202,618.

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<sup>2</sup> Annual funding agreements are legally binding and mutually enforceable written agreements negotiated and entered into annually between Title IV tribes or tribal consortia and the BIA or the Office of Self Governance. They include funds for programs that tribes are eligible to operate.

<sup>3</sup> Tribes were considered eligible if they had a recurring Tribal Priority Allocations Social Service and/or Child Welfare base funding level published in the *Budget Justifications*.

## **Our Objective**

Our objective for this evaluation was to determine whether the Office of Indian Services accurately distributed increased Tiwahe Initiative appropriations to Title IV tribes in FYs 2015 through 2017. Our evaluation's scope and methodology are included as Appendix 1. For a glossary of technical terms used in this report, see p. 21.

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## Finding

We found that the Tiwahe Initiative funding was not distributed properly. This occurred because the Office of Self Governance did not update many tribes' Child Welfare and Social Services program funding levels in the BIA's FY 2014 *Budget Justifications*, which the Office of Indian Services used to create its funding distribution methodology, and because the Office of Indian Services applied that methodology inconsistently by using different program budget lines for Title I and Title IV tribes in its calculations. In addition, we found that the offices did not communicate with each other and that neither office had a formal policy for managing distributions of funds to all eligible tribes.

These issues resulted in the inaccurate distribution of Tiwahe funds to tribes. In the end, at least \$830,000 had to be reconciled to correct distribution errors, and we estimate that Title IV tribes have been underfunded by at least \$458,400 to date.

### Tiwahe Funding Distributed Improperly

Title IV tribes received inaccurate funding during the Tiwahe Initiative. We found that this happened for two reasons:

1. The Office of Indian Services applied the methodology for calculating tribes' funding amounts to outdated Child Welfare and Social Services program funding levels, which were provided by the Office of Self Governance in the FY 2014 *Budget Justifications*.
2. The Office of Indian Services did not apply the funding methodology consistently when it calculated the distributions.

### Office of Self Governance Did Not Publish Accurate Figures in the Budget Justifications

We found that calculations for Tiwahe distributions to Title IV tribes were based on outdated and inaccurate Social Services and Child Welfare program funding levels, published in the FY 2014 *Budget Justifications*. In interviews, Office of Self Governance officials stated they provided historic program funding data from the year tribes transferred into self-governance status (and, for this report's purposes, became Title IV) but did not include yearly updates to account for changes to the Federal budget as part of the office's annual contribution to the *Budget Justifications*.

The original Tiwahe distribution methodology called for the use of Tribal Priority Allocations Social Services and Child Welfare program funding levels, which came from the Office of Self Governance and were recorded in an appendix of the FY 2014 *Budget Justifications*, to calculate the amounts tribes were to receive. The Office of Indian Services did calculate the initial distribution for Title IV

tribes using these data, but the Office of Self Governance did not consistently record annual changes to the Title IV tribes' program funding levels, including Social Services and Child Welfare, in the appendix. (By comparison, administrators of Title I tribes submit their data to the *Budget Justifications* and account for budget changes in each of their program funding levels every year, thus creating a more accurate, detailed representation of the funds they receive.)

The Office of Indian Services' use of outdated budget numbers, which were based on the Office of Self Governance's inaccurate recordkeeping, likely resulted in lower-than-accurate base fund amounts being used to calculate the funding increases for many of the individual Title IV tribes (see Figure 1).

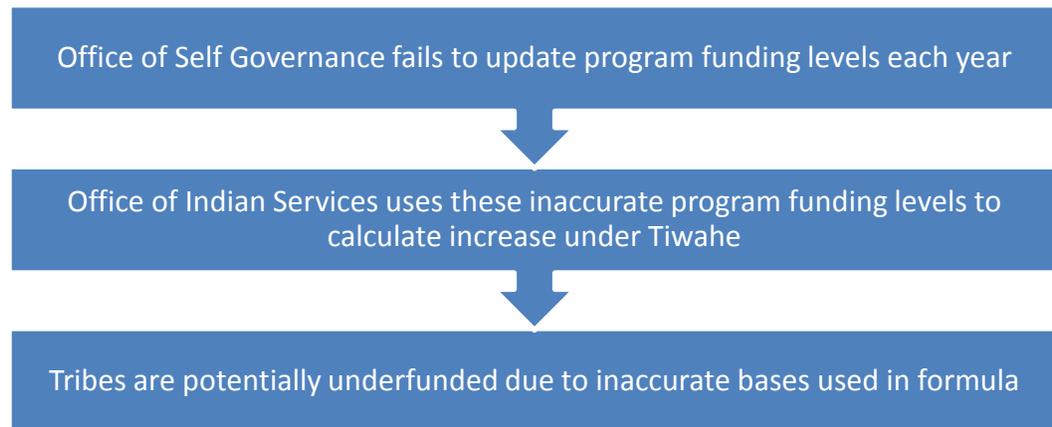


Figure 1. A pattern of inaccurate reporting by the Office of Self Governance led to underfunded tribes.

This affected the funding received by at least 87 Title IV tribes and consortia. We estimate that Title IV tribes may have been underfunded by more than \$229,000 in the initial Tiwahe distribution (which occurred on June 10, 2015, for Social Services and on May 28, 2015, for Child Welfare).<sup>4</sup> This figure is our attempt to quantify the effect of the Office of Self Governance's failure to publish accurate figures in the *Budget Justifications*. It is not an exhaustive questioned cost and is not meant to substitute for future analysis of this finding by the Office of Self Governance.

Despite electing to update the Child Welfare and Social Services data inconsistently, the Office of Self Governance did consistently provide annual

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<sup>4</sup> This is a general, limited estimate that highlights a systemic problem. This number and the estimated \$458,400 in funding to date assume a general distribution across programs of annual increases and decreases to tribes' overall published funding. We recognize that tribes can spend Tribal Priority Allocations funds as they wish from year to year and that some 2016 increases changed due to annual funding agreement numbers—both factors that limit the estimate's accuracy—but this is a more complete figure than the static base amounts used in the Office of Indian Services' Tiwahe calculation. Further review of individual tribal program funding levels would be required to fully determine accurate base levels and the resulting Tiwahe funds, but such a review fell outside the scope of this evaluation.

increases to the tribes' total self-governance funds, identified in the *Budget Justifications* as the Total Self Governance Base.<sup>5</sup>

Across all tribes in our sample, we noted an average discrepancy of 10 percent between the Total Self Governance Base funding in the year a tribe's Child Welfare and Social Services program funding amounts stopped being updated and the amounts reported in the FY 2014 *Budget Justifications*.

As an example of the total effects of this discrepancy on Title IV tribes' potential Tiwahe funding, we estimate that the Santa Clara Pueblo (NM) could have received \$8,596 more if its Social Services and Child Welfare program funding levels had been updated annually. Santa Clara's Total Self Governance Base increased by 36 percent in the years before Tiwahe, from \$808,006 in FY 2002 (when its Social Services and Child Welfare program funding amounts stopped being updated in the *Budget Justifications*) to \$1,097,892 in FY 2014. (See Appendix 2 for a description of how we calculated this estimate.)

Another example of improper distribution is the Native Village of Barrow (AK). The Child Welfare and Social Services program funding levels stayed the same despite updates to Barrow's Total Self Governance Base. Barrow became a Title IV tribe in calendar year 2000 and reported identical Social Services and Child Welfare program funding in the *Budget Justifications* in FY 2002 and FY 2014, despite a 20 percent increase (from \$875,692 to \$1,054,413) to its Total Self Governance Base during that same time. This increase in total funding suggests that similar increases would have occurred across individual programs.

Almost all Title IV tribes that received Tiwahe money transitioned from Title I to Title IV before 2014. As a result, their Social Services and Child Welfare data could have been reported inaccurately in the *Budget Justifications* for many years, resulting in miscalculations and potentially leading to hundreds of thousands of total dollars not allocated per year (spread across the affected Title IV tribes). (See Figure 2.)

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<sup>5</sup> Tribal consortia, whose membership and funding amounts change depending on tribal participation, and a few individual tribes were an exception to this trend.

Goal	Actual
<ul style="list-style-type: none"> <li>• Increase based on published program levels in FY 2014 <i>Budget Justifications</i></li> <li>• 21.54% increase based on 2014 ICWA funding</li> <li>• 8.07% increase based on 2014 Social Services funding</li> </ul>	<ul style="list-style-type: none"> <li>• Increase based on historical data in FY 2014 <i>Budget Justifications</i> for many tribes</li> <li>• 21.54% increase based on historic ICWA funding</li> <li>• 8.07% increase based on historic Social Services funding</li> </ul>

Figure 2. The Tiwahe distribution goals vs. the actual calculation methodology.

Further, since these funds were designed to be permanent budget increases, these tribes will likely be underfunded over the coming years if the numbers are not corrected.

While many tribes—73 out of the 87 that received Social Services funds and 70 out of the 85 that received Child Welfare funds—have been underfunded, we identified 14 tribes that received more Social Services funds and 15 tribes that received more Child Welfare funds than they should have. We attribute this, in part, to fluctuating memberships in tribal consortia. Tribes often enter and leave consortia from year to year, and if a consortium comprised more tribes (and thus received more money) the year the consortium transferred to Title IV than it did in FY 2014, our estimate would likely find the consortium overfunded by Tiwahe.

The Office of Self Governance is responsible for maintaining accurate, timely financial records. The U.S. Government Accountability Office’s (GAO’s) *Standards for Internal Control in the Federal Government* states that management should keep “documentation and records . . . properly managed and maintained.” The Office of Self Governance also pledges on its website that its organizational objective is to “maintain the financial integrity and timely and accurate delivery and reporting of all funds” and to share that information with tribes, Federal agencies, and the public.

The DOI’s Office of the Solicitor reinforced the requirement that the Office of Self Governance should track funds awarded in funding agreements. After we issued a draft version of this report to AS-IA for review, the Solicitor’s Office indicated that regulations call for the BIA to identify “the amount of funds awarded for each BIA program in an [Office of Self Governance] self-governance funding agreement . . . when the funds are transferred to [the Office of Self

Governance].” According to the Solicitor’s Office, the “BIA determines ‘Tribal shares’ (25 C.F.R. § 1000.98), which the self-governance regulations define as the amount of funds for a particular tribe for a particular program (25 C.F.R. § 1000.97).” Currently, the Office of Self Governance only aggregates funds in the Total Self Governance Base (as described previously). Although some funding agreements allow tribes to reallocate funds awarded by a funding agreement from one approved program to another, the Solicitor’s Office indicated that the Office of Self Governance should still track the individual program funds to ensure they are spent on programs identified in and approved by its annual funding agreements. We reviewed three annual funding agreements for three tribes and found no evidence that the Office of Self Governance was determining tribal shares.

Despite its responsibility for maintaining accurate financial records, Office of Self Governance staff informed us that the office:

- Did not have any specific policy for maintaining and managing records, including the records that eventually populate the budget data in the *Budget Justifications*
- Followed a combination of general guidelines established in the *Indian Affairs Manual* and best practices learned over time from experienced employees instead of training employees in records management
- Did not have enough staff to update and maintain tribal financial records
- Had an outdated database that required manual input of information to account for tribal funds

As we have stated, each increase under Tiwahe is supposed to be permanently added to Child Welfare and Social Services base budgets in future years. Therefore, inaccurate distributions would affect tribal funding in perpetuity, thus limiting the reach of the Tiwahe Initiative. The base funding issues we identified were not corrected in 2016; the FY 2014 *Budget Justifications* figures were still used. As a result, we estimate that the distribution was underfunded by approximately \$458,400 across the 2 years.

### **Office of Indian Services Considered Different Program Budget Lines for Title I Tribes Than for Title IV Tribes**

During the initial distribution, the Office of Indian Services considered different program budget lines depending on whether a tribe was Title I or Title IV, thus failing to consistently apply its own methodology when distributing funds to tribes. The office distributed Tiwahe funds to Title I tribes based on the Child Welfare and Social Services program funding amounts in the 2014 *Budget Justification’s* Tribal Priority Allocations and Consolidated Tribal Government Program (CTGP) tables (the CTGP table is published in the *Budget Justifications*

and lists programs that compose the budget line, including, in some cases, Social Services and Child Welfare, and their annual funding), but it distributed Tiwahe funds to Title IV tribes based on data from various sources, including:

- Only the Tribal Priority Allocations amounts from the *Budget Justifications*
- Both the Tribal Priority Allocations amounts and data from the tribes’ annual funding agreements with the Office of Self Governance
- Tribal Priority Allocations amounts from historical tribal documentation

The inconsistent application of the distribution methodology resulted in funding delays of approximately \$830,000 to Title IV tribes.

When calculating Title I tribes’ Tiwahe figures, the Office of Indian Services used both Child Welfare and Social Services Tribal Priority Allocations figures and CTGP tables. This resulted in a larger total number with which to calculate the funding increase.

In contrast, the Office of Indian Services did not include CTGP funds for Title IV tribes during the initial Tiwahe distribution (see Figure 3). Instead, the office used only the Tribal Priority Allocations figures from the Office of Self Governance’s Cumulative Base table, which was listed in an appendix of the *Budget Justifications*. (See Appendix 3 for examples of how Title I and Title IV tribes’ CTGP funding levels were tracked in the *Budget Justifications* and how the office used these tables to calculate the tribes’ Tiwahe funding.)

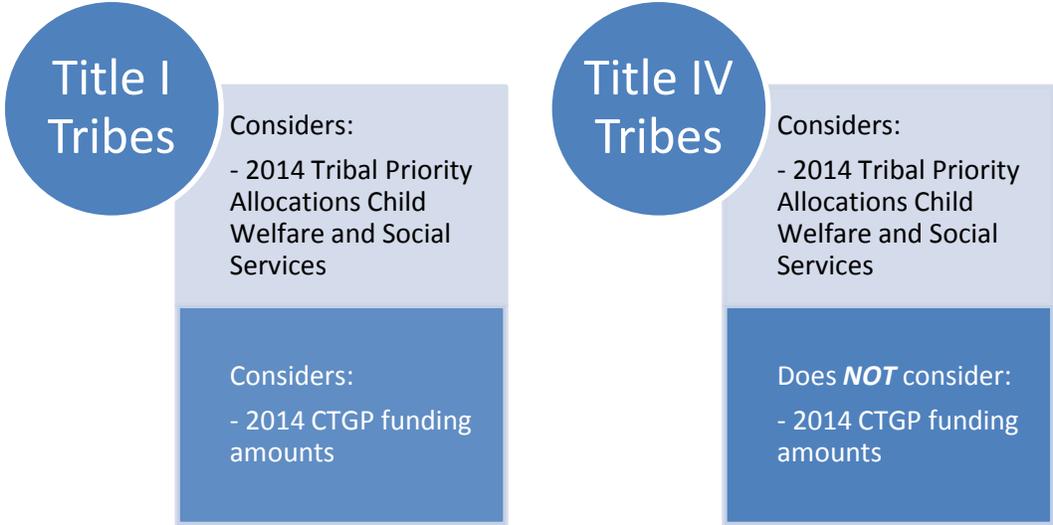


Figure 3. The program funding amounts the Office of Indian Services considered when calculating the initial Tiwahe distribution.

In August 2015, roughly 2 months after the initial Tiwahe distribution, staff at the Office of Self Governance notified the Office of Indian Services that the calculations for the Title IV tribes' funding increases had not included the consolidated CTGP funding data. The Office of Indian Services agreed to amend the Tiwahe distribution methodology to include information from tribal annual funding agreements provided by the Office of Self Governance finance director. On September 16, 2015, the Office of Indian Services gave an additional \$342,160 to the Office of Self Governance to correct the distributions.

In October 2015, the Office of Self Governance requested an additional \$34,186 for Child Welfare funding and \$98,544 for Social Services funding for Title IV tribes. The Office of Indian Services denied this request because the Office of Self Governance based the requested amounts on historic documentation for the tribes involved and not on the data in the FY 2014 *Budget Justifications*, but the Office of Self Governance's position was that the historic documents showed funding and were therefore needed to correct mistakes in the initial distribution.

The disagreement between the two offices continued for several months, and in April 2016 the matter was elevated to AS-IA to settle. After AS-IA intervened, the Office of Indian Services reprogrammed<sup>6</sup> an additional \$488,027 to 27 Title IV tribes to fund Child Welfare, Social Services, or both (see Appendix 4 for details). The 27 tribes did not receive these reprogrammed funds until January 2017, approximately a year and a half after the first distribution.

The Code of Federal Regulations (25 C.F.R. § 1000.109) states that "general increases due to Congressional appropriations must be applied consistently, except where used to achieve equitable distribution among regions and Tribes." The Tiwahe Initiative was intended to distribute equitable funding to all eligible tribes, including Title IV tribes. Due to the inconsistent application of the methodology and the conflict between the offices, however, the initial Tiwahe distribution was neither consistent nor equitable.

The conflict over the distribution occurred because the Office of Self Governance has not published the individual program budget line items that compose the CTGP (including Child Welfare and Social Services) since the publication of the BIA's 2005 *Budget Justifications*. In contrast to the itemized data for Title I tribes, the office tracks only one total CTGP number for Title IV tribes, with no description of its components. When we asked the staff about the decision to stop including CTGP breakout tables, all replied that the office did not have enough employees to maintain the tables.

The inconsistent application of the Tiwahe funding methodology resulted in Title IV tribes receiving incorrect funding amounts, which required reprogramming to correct. For example, initial distributions for two Title IV tribes, the Kaw Nation

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<sup>6</sup> Reprogramming: When an agency moves funds within an appropriation from one program funding level to another.

(OK) and the Confederated Tribes of Grand Ronde (OR), were incorrect because neither tribe’s CTGP program budget amounts were considered during the original distribution. After reprogramming, each tribe received significantly higher funding for its Child Welfare or Social Services programs (see Figure 4).

<b>Tribe</b>	<b>Affected Programs</b>	<b>Original Funding*</b>	<b>Increase After Reprogram</b>	<b>Total Received</b>
Kaw	Child Welfare	\$8,377	\$15,216	\$23,593
Grand Ronde	Social Services	4,874	44,992	49,866

\* Based on the FY 2014 *Budget Justifications*’ base amounts for these programs.

Figure 4. Results of reprogramming funds to Kaw and Grand Ronde.

<b>Recommendations</b>
<p>We recommend that AS-IA:</p> <ol style="list-style-type: none"> <li>1. Direct the Office of Self Governance to work with tribes to track the components of the CTGP funding and publish these individual amounts each year in the BIA’s <i>Budget Justifications</i></li> <li>2. Direct the Office of Self Governance to determine appropriate levels of Child Welfare and Social Services program funding that should have appeared in the FY 2014 <i>Budget Justifications</i></li> <li>3. Direct the Office of Indian Services to reapply its methodology and reconcile the Tiwahe funds</li> <li>4. Direct the Office of Self Governance to determine the actual funding levels of individual tribal programs and report them annually in the <i>Budget Justifications</i></li> <li>5. Direct the Office of Self Governance to develop and implement a records management policy to track the annual funding for each program</li> </ol>

**Office of Indian Services Failed To Communicate Methodology to Office of Self Governance**

The Office of Indian Services did not communicate with the Office of Self Governance before it decided to use the base figures from the FY 2014 *Budget Justifications* in the methodology for distributing Tiwahe funds to tribes. As a result, the Office of Indian Services used a flawed methodology for the distribution.

The GAO's *Standards for Internal Control in the Federal Government* states that "management establishes reporting lines within an organizational structure so that units can communicate the quality information necessary for each unit to fulfill its overall responsibilities." Further, the *Standards* recommend that all components and levels of an organization communicate with each other.

The Office of Indian Services was unaware of significant differences between how some tribes develop their budgets and how they are presented in the *Budget Justifications*. If the office had understood the complexities of Title IV tribal budgets, including the CTGP issue discussed previously, then many of the issues that occurred with the Tiwahe distribution could have been avoided. Also, if the Office of Self Governance had been involved in deciding the methodology used for the Tiwahe distribution, then its officials could have explained these complexities to the Office of Indian Services and the two offices could have worked together to develop a more appropriate methodology.

As described in our previous finding, the poor communication between the two offices resulted in 27 tribes waiting almost a year and a half—from May and June of 2015 to January 2017—to receive their full funding.

### **Neither Office Had Policy for Distributing Funds to All Eligible Tribes**

We found that neither the Office of Indian Services nor the Office of Self Governance had any formal policies related to managing funding distributions for appropriation increases such as Tiwahe. Officials from the offices stated that they had never created such policies because they did not believe they were necessary; both offices consider funding initiatives like Tiwahe rare events.

The GAO's *Standards for Internal Control in the Federal Government* states that management should "document policies in the appropriate level of detail to allow management to effectively monitor the control activity," "implement control activities through policies," and create policies to document "the internal control responsibilities of the organization." The *Standards* also outline transaction control activities as key components of an effective internal control system.

One reason the two offices did not communicate is that they have no standard operating procedures that require them to coordinate with each other to effect a funding distribution like Tiwahe. In addition, oversight over the two offices is not streamlined. Several layers of administration are present between each office and the shared oversight office, AS-IA, which has the authority to make decisions concerning both offices.

We learned during our evaluation that the Office of Self Governance failed to review the proposed funding amounts before authorizing and approving the initial distribution. As a result, \$342,160 had to be reprogrammed (the first of two eventual reprogramming actions) from 2015 Tribal Priority Allocation Social Services funding to correct the errors in distribution. The office's staff should

have thoroughly examined the proposed funding distribution, including multiple levels of review, before the director approved the distribution. Had a formal policy for managing funding distributions been in place, the office's staff could have discovered any discrepancies and resolved them during the authorization and approval process, rather than contributing to the delay in full funding and the eventual intervention by AS-IA.

Despite the absence of policies covering this type of distribution to tribes, the two offices did have formal policies for other types of distributions. For example, the Welfare Assistance distribution is guided by formal policy in Part 70, Chapter 3, of the *Indian Affairs Manual* ("Human Services Financial Assistance and Social Services Reporting"). This policy defines the roles of both offices, explains the distribution methodology used for Welfare Assistance funding, and provides guidance for tribes to submit reports detailing their funding needs. During our interviews with Office of Indian Services officials, we were told that this policy would be an appropriate model for developing a new policy for funding distributions to all eligible tribes, as it includes a clear process that is followed by both offices to ensure that tribes receive proper funding.

## Recommendations

We recommend that AS-IA:

6. Ensure that the Offices of Indian Services and Self Governance develop standard operating procedures, and formalize them in a memorandum of understanding or other document agreeing to work together and create a functional funding methodology for future distributions
7. Direct the Offices of Indian Services and Self Governance to use Part 70, Chapter 3, of the *Indian Affairs Manual* ("Human Services Financial Assistance and Social Services Reporting") as a guide to develop and implement a formal policy to address funding distributions at each office

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# Conclusion and Recommendations

## Conclusion

The Tiwahe Initiative has so far distributed \$20,202,618 in funding to eligible tribes to support Child Welfare and family stability, and to promote the strengthening of tribal communities. We found that significant records management problems at the Office of Self Governance, poor execution of the funding methodology at the Office of Indian Services, and an absence of regular communication, policy, and procedures at both offices led to inaccurate funding through Tiwahe.

Failure to correct current practices at both offices will perpetuate inaccurate funding, both in the case of the Tiwahe Initiative and in any similar funding distributions Congress may enact in the future. Poor coordination between the offices and the absence of internal policies will adversely affect the efficiency of business operations and have measurable effects on the tribes the offices serve.

The recordkeeping issues apparent in this funding distribution extend to many other programs, including Aid to Tribal Government. Like the CTGP, the Aid to Tribal Government budget consolidates multiple programs—which, again, the Office of Self Governance does not track annually in the *Budget Justifications*—into a single program budget line. Without corrective action, these offices will not be prepared if Congress again offers funding distributions based on Tribal Priority Allocations records.

The seven recommendations we offer in this report will help AS-IA correct the two offices' problems with recordkeeping, distribution of funds, coordination and communication, and execution of policies.

## Recommendations Summary

We issued a draft version of this report for AS-IA to review and respond to our findings and recommendations. AS-IA's response, along with our analysis, are summarized below. For the full text of the response, see Appendix 5. Appendix 6 contains a table summarizing the current status of our recommendations.

We recommend that AS-IA:

1. Direct the Office of Self Governance to work with tribes to track the components of the CTGP funding and publish these individual amounts each year in the BIA's *Budget Justifications*

**AS-IA Response:** AS-IA concurred with our recommendation while noting that hurdles exist in completing this process. Specifically, tracking the CTGP will require participation and buy-in from Title IV tribal

interests as well as supplemental staffing and funding for a forensic accounting contract.

**OIG analysis:** Based on AS-IA's response, we consider this recommendation resolved but not implemented.

2. Direct the Office of Self Governance to determine appropriate levels of Child Welfare and Social Services program funding that should have appeared in the FY 2014 *Budget Justifications*

**AS-IA Response:** AS-IA concurred with our recommendation and articulated a plan for calculating FY 2014 budget levels for Child Welfare and Social Services program funding, and using those numbers to calculate future Tiwahe distributions.

**OIG analysis:** Based on AS-IA's response, we consider this recommendation resolved but not implemented.

3. Direct the Office of Indian Services to reapply its methodology and reconcile the Tiwahe funds

**AS-IA Response:** AS-IA concurred with this recommendation, noting that the Office of Indian Services interpreted the recommendation to mean that the office should reapply its FY 2014 *Budget Justifications*-based methodology to the list of Tiwahe recipients. According to AS-IA, if this assumption is correct, the office concurs and says it will complete its calculations in time for the FY 2019 distribution.

**OIG analysis:** If appropriations are available, the Office of Indian Services should retroactively fund tribes based on the calculations performed in response to Recommendation 2 to compensate them for any funding shortages during previous Tiwahe distributions. If funding based on the adjusted numbers is not available, then we agree that the Office of Indian Services should use the adjusted 2014 *Budget Justifications* figures in the 2019 distribution. We consider this recommendation resolved but not implemented.

4. Direct the Office of Self Governance to determine the actual funding levels of individual tribal programs and report them annually in the *Budget Justifications*

**AS-IA Response:** AS-IA did not concur with our recommendation, stating that the Office of Self Governance does not have the staffing, technology, and forensic accounting capability to record line-by-line funding levels for each subprogram. According to AS-IA, to implement this recommendation Title IV tribes would have to agree to provide "Pay Costs" data for each

subprogram instead of the current process, in which the Office of Self Governance and the tribes aggregate this information as the Total Self Governance Base.

AS-IA proposes two possible courses of action to respond to the recommendation. The first would determine program funding on demand if a similar distribution based on the *Budget Justifications* appears in the future, applying the methodology used in response to Recommendation 2 for the applicable budget lines. The second would be to hire a contractor to complete a forensic audit of each tribe to establish a year-by-year record of program line spending.

**OIG Analysis:** Posting accurate figures to the *Budget Justifications* is a best practice and an example of good government. AS-IA's nonconcurrence with our recommendation is due to an absence of resources, not to disagreement with the finding; therefore, AS-IA should decide on one of the two options it provided and correct the problem. We consider this recommendation unresolved.

5. Direct the Office of Self Governance to develop and implement a records management policy to track the annual funding for each program

**AS-IA Response:** AS-IA did not concur with our recommendation. It stated that the Office of Self Governance could update its *Self-Governance Database Guide* and develop a records management policy to support the database where Title IV funding is tracked, but it cannot track annual funding for each program until it receives enough money to:

- Contract for forensic accounting of the entire history of 122 Title IV tribes
- Automate the records management process to track funding line by line
- Hire additional staff to collect this information on an ongoing basis

AS-IA also noted that any changes from current practices will require tribal consultation and concurrence.

In addition, the Office of Self Governance stated that the Self Governance base is budgeted, appropriated, and paid as one aggregate program amount, which the office described as a "block grant" process approved by Congress. As such, the office believes that it is not required to track annual funding for each program.

**OIG Analysis:** As previously stated, posting accurate figures to the *Budget Justifications* is a best practice and an example of good government. We recognize that correcting the identified issues may require additional resources, but the issues should be addressed to ensure accuracy in any future distributions of funding.

Although our description of funding for Title IV tribes details the compacting process as opposed to the contracting practices of Title I, our report does not state that Title IV tribes are funded line by line as Title I tribes are, nor does it state that updating each program line in the *Budget Justifications* is required.

Rather, we point out that using the historic numbers from the *Budget Justifications* is inaccurate, which in turn has led to a flawed distribution of funds. As stated in the report, Title IV tribes were largely underfunded by the initiative, and the likelihood of an inaccurate distribution would have been lower if program lines had been updated annually. Further, despite the Code of Federal Regulations calling for the formation of a self-governance base as part of the compacting process, nowhere in the guidance does it preclude the Office of Self Governance from maintaining accurate program lines, nor does it encourage active publication of inaccurate (or historic) figures, as observed in this report.

The DOI's Office of the Solicitor informed us that there is no legal or regulatory justification for the Office of Self Governance's placing "little to no emphasis" on the tracking of individual program lines. To this we would add that neither our office nor the Solicitor's Office finds the Office of Self-Governance's description of the self-governance base as a "block grant" persuasive. There is no explicit statutory description of the self-governance base as a block grant. In addition, as we stated in this report, 25 C.F.R. §§ 1000.97 – 1000.98 call for the Office of Self Governance to determine tribal shares for programs such as Social Services and Child Welfare in tribal funding agreements. We consider this recommendation unresolved.

6. Ensure that the Offices of Indian Services and Self Governance develop standard operating procedures, and formalize them in a memorandum of understanding or other document agreeing to work together and create a functional funding methodology for future distributions

**AS-IA Response:** AS-IA concurred with this recommendation, but the Office of Indian Services requested clarification of the term "future distributions."

**OIG Analysis:** To clarify the Office of Indian Services' question, this recommendation refers to future distributions that are structured similarly

to Tiwahe. We consider this recommendation resolved but not implemented.

7. Direct the Offices of Indian Services and Self Governance to use Part 70, Chapter 3, of the *Indian Affairs Manual* (“Human Services Financial Assistance and Social Services Reporting”) as a guide to develop and implement a formal policy to address funding distributions at each office

**AS-IA Response:** AS-IA partially concurred with this recommendation, stating in its response that the offices will develop a formal policy to address distribution of funding increases at each office. It notes, however, that the Office of Self Governance does not agree with using the chapter of the manual we cite in our recommendation because the office believes that the chapter does not apply to the other program funds the Office of Indian Services manages and that it is “cumbersome and overly bureaucratic.” The Office of Indian Services concurred with our recommendation and stated that it is committed to working with the Office of Self Governance to develop a methodology for publication in the *Indian Affairs Manual*.

**OIG Analysis:** Our report does not recommend that the offices develop a replica of Part 70, Chapter 3, of the *Indian Affairs Manual*, but instead we suggested using this chapter of the manual to guide the development of a policy because it explicitly requires the two offices to work together when formulating a distribution. We consider this recommendation resolved but not implemented.

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# Glossary

**Aid to Tribal Government:** An aggregate program budget line in a tribal budget, intended to foster a strong and stable tribal government. Funding supports monitoring tribes' adherence to their governing documents, in addition to such functions as conducting secretarial elections, preparing tribal membership rolls, awarding judgments, approving and monitoring tribal attorney contracts, and comprehensive planning and setting priorities for budget formulation efforts. (Although this program funding line is not directly affected by Tiwahe Initiative funding, it is similar to the Consolidated Tribal Government Programs (CTGP) line, described below, in that the Office of Self Governance does not track data for the individual program funding lines that compose it.)

**Budget category:** A group of program budget lines, such as Tribal Priority Allocations, organized in the Bureau of Indian Affairs' (BIA's) *Budget Justifications* publication.

**Budget Justifications:** An annual (by fiscal year) BIA publication containing justification data on the Federal funding each American Indian and Alaska Native tribe receives for the year and breaking down how each tribe uses that funding. (For the Tiwahe distribution, the Office of Indian Services relied on numbers from the FY 2014 *Budget Justifications*.)

**Consolidated Tribal Government Programs (CTGP):** A program budget line in a tribal budget that promotes Indian self-determination by allowing tribes to combine various programs with a similar or compatible objective into a single line.

**Indian Child Welfare Act (or Child Welfare):** A program budget line in a tribal budget that funds programs aiming to prevent the separation of Indian families and aid in family reunification. Child Welfare funding is used to support tribal social workers responsible for providing counseling and other services to Indian families.

**Program funding level:** A line in a tribal budget that provides funding information about a program.

**Reconcile:** A process used to ensure the reliability of financial records.

**Reprogramming action:** An agency's movement of appropriated funds from one program funding line to another.

**Social Services:** A program budget line in a tribal budget that funds support to BIA staff at the regional and bureau levels and to contracted/compacted tribal social workers. Social Services staff processes applications for financial assistance and delivery of critical protective services to the elderly, children, and

families; the staff also trains tribal members in areas such as parenting skills and management of finances.

**Title I tribe:** A tribe that obtains services and funding by entering into contracts with the BIA; these tribes are administered by BIA regional offices.

**Title IV tribe:** A tribe that obtains services and funding through compacts with the BIA; these tribes operate more independently than Title I tribes and are administered by the Office of Self Governance.

**Tribal consortium:** An association of two or more tribes, formed to share resources and achieve common goals.

**Tribal Priority Allocations:** A tribal budget category that funds basic services, such as social services, job placement, natural resource management, and tribal courts. This budget category gives tribes the opportunity to further Indian self-determination by establishing their own priorities and reallocating Federal funds among the category's programs.

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# Appendix I: Scope and Methodology

## Scope

The scope of our evaluation consisted of a general review of the appropriations increase called the Tiwahe Initiative during fiscal years 2015 to 2017. We primarily focused on the distributions of funds to Title IV tribes, examining the accuracy of the distributions, how the Office of Self Governance maintained tribal records, and the internal controls present. For a comparative analysis, we briefly reviewed funding for Title I tribes.

## Methodology

To accomplish the evaluation's objectives, we:

- Gathered general, financial, administrative, and background information to provide a working knowledge of the U.S. Department of the Interior's Bureau of Indian Affairs (BIA) Tiwahe Initiative
- Communicated with officials from the Office of Indian Services, the Office of Self Governance, the Office of the Assistant Secretary – Indian Affairs, the Department's Office of the Secretary, and the U.S. Office of Management and Budget
- Reviewed prior internal and U.S. Government Accountability Office reports, as well as applicable laws, regulations, and policies
- Reviewed the BIA's annual *Budget Justifications* publications, Financial and Business Management entry documents, internal communications between officials, and annual funding agreements provided by the Offices of Indian Services and Self Governance
- Analyzed historic program budget lines and estimated current values
- Identified and reviewed policies and procedures for funding distributions in the BIA
- Visited the following sites to interview officials from the Offices of the Secretary, Indian Services, and Self Governance and to review the Office of Self Governance's internal database:
  - **Bureau of Indian Affairs**  
12220 Sunrise Valley Drive  
Reston, VA 20192

- **Stewart Lee Udall Department of the Interior Building**  
1849 C Street, NW  
Washington DC, 20240
- **South Interior Building**  
1925 Constitution Avenue, NW  
Washington, DC 20006
- **Vancouver Federal Building**  
500 West 12th Street  
Vancouver, WA 98660

We considered tribes Title I or Title IV based on the types of agreements they held and the budgetary data supplied to the BIA. We considered a tribe Title I if it held a Title I contract with the BIA and provided its funding data in the Tribal Priority Allocation table of the *Budget Justifications*. We considered a tribe Title IV if the *Budget Justifications* included the tribe's Office of Self Governance cumulative base table.

We conducted this evaluation in accordance with the Quality Standards for Inspection and Evaluation as put forth by the Council of the Inspectors General on Integrity and Efficiency. We believe that the work performed provides a reasonable basis for our conclusions and recommendations.

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## Appendix 2: Our Calculation of Estimated Title IV Funding

To qualify for our estimate of what Title IV (self-governance) tribes' funding might have been if their program funding levels had been properly updated line by line, a tribe had to transition from Title I to Title IV status before fiscal year (FY) 2014 and have Social Services and/or Indian Child Welfare Act program funding level amounts the same as those listed in the BIA's FY 2014 *Budget Justifications*, in years before 2014. Most Title IV tribes—87 out of 117—fell into this category. We elected to base our estimate on the initial Tiwahe distribution of Social Services and Child Welfare funds in May and June of 2015. We chose this sample because subsequent distributions were affected by changes to the Tiwahe formula to accept information from annual funding agreements, and later by intervention from the Office of the Assistant Secretary – Indian Affairs (AS-IA). None of these later decisions addressed the recordkeeping issues described in our report.

To calculate our estimate, we compared the tribal Total Self Governance Bases published in the FY 2014 *Budget Justifications* to tribal Total Self Governance Bases published the earliest year that the tribes' Child Welfare and/or Social Services program funding levels matched those in the FY 2014 *Budget Justifications*. We decided to use the FY 2002 *Budget Justifications* as our oldest comparative document as it was the oldest publicly available record and it most closely resembled the 2014 version.

Use of the FY 2002 *Budget Justifications* as a baseline, however, is limited by the fact that many tribes transitioned to Title IV status before 2002 and their program funding levels have not been updated since they transitioned. This limitation likely makes our overall estimate more conservative, since each year closer to 2014 tended to have lower variance with Tiwahe base data used in the Office of Indian Services' 2014 calculation.

We took the following steps to calculate our estimate for each tribe:

1. We determined the percentage difference in Total Self Governance Base data from the earliest year the tribe's Child Welfare and Social Services program figures matched its Child Welfare and Social Services figures in the FY 2014 *Budget Justifications*.
2. Assuming equal distribution of increases across tribal programs, we multiplied the above Total Self Governance Base percentage increase to the tribe's 2014 Child Welfare and Social Services numbers and added it to the base numbers.

3. We took the new Child Welfare and Social Services numbers and reran the Tiwahe distribution methodology on them (21.54 percent increase to Child Welfare, 8.07 percent increase to Social Services) to arrive at our estimated increase.

As an example of this calculation (the results of which appeared in our report's first finding), the Santa Clara Pueblo's Total Self Governance Base funding in 2002 was \$808,006. Its Total Self Governance Base funding in the FY 2014 *Budget Justifications* was \$1,097,892, approximately a 36 percent increase. If we assume that this increase would be distributed equally across tribal programs to reflect year-to-year increases, that leaves Santa Clara with new base numbers of \$74,732 for Child Welfare and \$205,225 for Social Services. If we apply the Tiwahe methodology to these corrected numbers, we get a different distribution (rounding accounts for slight math errors):

Child Welfare:  $\$74,732 \times 0.215 = \$16,067$  (\$4,223 increase)  
Social Services:  $\$205,225 \times 0.0807 = \$16,562$  (\$4,372 increase)  
Combined annual difference = \$8,596

We did not use the *Budget Justifications* from FYs 2003 and 2004 in our calculations, as those versions did not include an appendix that detailed funding from the Tribal Priority Allocation budget category (which funds basic tribal services). For tribes that would have transitioned to self-governance in those years, we deferred to the numbers in the FY 2005 *Budget Justifications*. Similar to observations discussed in a previous paragraph, the absence of usable information in FYs 2003 and 2004 likely makes our estimate more conservative, as numbers farther from those used in the Tiwahe base data tend to have more variance. As mentioned in the body of this report, some tribes' Social Services and Child Welfare program funding levels did vary from year to year. For our calculations in these cases, we used the year closest to 2014 where the Social Services and Child Welfare program funding levels match.

As stated in our report, the average difference between tribes' first recorded Total Self Governance Bases and their 2014 Total Self Governance Bases was 10 percent. There was a wide distribution of percentage differences, however, ranging from -13 percent to 67 percent.

Overall, we estimated that during the initial distribution in 2015, Title IV tribes were underfunded by \$229,200 from Tiwahe (\$100,206 in Social Services funding and \$128,994 in Child Welfare funding). Since the 2016 distribution occurred without any apparent corrections to the recordkeeping issues we have identified, we estimate that across both years Title IV tribes may be underfunded by a total of \$458,400. We must emphasize again, however, that this is only a summary of what has been missed to date. These mistakes are reflected in perpetuity, so the potential for continued errors is high.

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## **Appendix 3: Descriptions of Tiwahe Calculations and Example *Budget Justifications* Tables**

The figures on the following pages are examples of the Bureau of Indian Affairs' *Budget Justifications* tables the Office of Indian Services used to calculate the funding tribes were to receive under the Tiwahe Initiative.

Figures 5 and 6 show the data for a Title I tribe, the Upper Sioux. When calculating the Upper Sioux Tribe's Tiwahe funding, the office added the Social Services program funding level totals from the Consolidated Tribal Government Program (CTGP) "breakout" table (Figure 5) to the Social Services totals in the Tribal Priority Allocations table (Figure 6), then did the same for the Indian Child Welfare Act line. This resulted in new base numbers of \$81,218 for Social Services and \$75,661 for Child Welfare. The office then applied the Tiwahe methodology (8.07 percent increase to Social Services and 21.54 percent to Child Welfare), and Upper Sioux ultimately received \$6,554 in Social Services increases and \$16,294 in Child Welfare increases. (There were slight variations in the funded number because the office did not consistently round the percentage it applied to base funds.)

The office did similar calculations for Title I tribes that chose to list funding in one of these two tables, instead of both. For example, two tribes, the Stockbridge-Munsee Community and the Lac Vieux Desert Band of Lake Superior Chippewa Indians, despite having nothing listed in their Child Welfare and Social Services Tribal Priority Allocations tables, were each funded based on their CTGP bases. Stockbridge-Munsee received \$13,297 in Child Welfare funds, and Lac Vieux Desert received \$7,439 in Social Services funds.

By contrast, Figure 7 is the type of table the office used to calculate the funding for a Title IV tribe (in this case, the Kaw Tribe). For Title IV tribes, the office used only the Social Services and Child Welfare program funding levels as the bases for its initial calculations and did not consider the CTGP line, ultimately reducing the overall amount used in the methodology. As the figure shows, the office used \$10,497 to calculate Kaw's Social Services increase and \$38,900 to calculate its Child Welfare increase, without taking into consideration the same program funding levels that were part of the tribe's CTGP total of \$261,285.

MIDWEST REGION							
PROGRAM TITLE	ST. CROIX	SOKAOGON CHIPPEWA	STOCKBRIDGE MUNSEE	HO CHUNK NATION	UPPER SIOUX	PRAIRIE ISLAND	SHAKOPEE
Aid to Tribal Government			28.719			186.814	3.029
Consolidated Tribal Gov't Prgm-CTGP							
New Tribes							
Road Maintenance							
<b>TRIBAL GOVERNMENT</b>			28.719			186.814	3.029
Social Services	90.000				40.988		3.029
Indian Child Welfare Act	34.927	31.396	61.747	88.000	38.041		
Welfare Assistance							
Other, Human Services		13.118					
<b>HUMAN SERVICES</b>	124.927	44.514	61.747	88.000	79.029		3.029

Figure 5. A CTGP breakout table from the FY 2014 *Budget Justifications*, detailing separate program funding levels for Social Services and Child Welfare programs for the Upper Sioux Tribe. (Note: Dollar amounts are in thousands.)

MIDWEST REGION					
PROGRAM TITLE	HO CHUNK NATION	UPPER SIOUX	PRAIRIE ISLAND	SHAKOPEE	LOWER SIOUX
Aid to Tribal Government		(0.02)	(0.79)		0.24
Consolidated Tribal Gov't Prgm-CTGP	565.34	79.04	187.10	165.30	174.66
New Tribes					
Road Maintenance					
<b>TRIBAL GOVERNMENT</b>	<b>565.34</b>	<b>79.01</b>	<b>186.31</b>	<b>165.30</b>	<b>174.90</b>
Social Services		40.23			0.43
Indian Child Welfare Act	0.80	37.62			
Welfare Assistance					
Other, Human Services					
Housing Improvement Program					
<b>HUMAN SERVICES</b>	<b>0.80</b>	<b>77.86</b>			<b>0.43</b>

Figure 6. A tribal priority allocation table from the FY 2014 *Budget Justifications*. Upper Sioux's Social Services and Child Welfare totals are framed in red.

(Note: Dollar amounts are in thousands.)

2014 OSG Cumulative Base

As of March 19, 2013

Self-Governance Tribes - Total Regions

Note: Tribal Bases Include 2014 pay cost request; pay costs will be adjusted upon enactment.

PROGRAM TITLE	FFB Code	Absentee Sha. Total Base	Citizen Pot. Total Base	Delaware Total Base	Fort Sill Total Base	Kaw Total Base
Detention Center Admin (Operations) - NON TPA	A3250	-	-	-	-	-
Direct Rentals - NON TPA	A3440	10,719	-	-	-	-
Tribal Adult Education - TPA/Tribal	E9320	5,991	-	16,897	5,202	-
Social Services - NON TPA	H6010	2,478	-	-	-	-
Housing Development - NON TPA	H6030	9,891	10,825	-	-	7,176
Social Services - TPA/Agency	H9010	-	-	9,095	3,392	3,870
Social Services - TPA/Region	H9010	13,924	11,000	-	-	6,627
Social Services - TPA/Tribal	H9010	25,855	35,930	-	272,868	-
Welfare Assistance - TPA/Tribal	H9130	9,935	-	-	-	-
Indian Child Welfare Act - TPA/Tribal	H9230	45,000	68,169	41,174	29,290	38,900
Other Aid to Tribal Government - TPA/Region	T9020	73,583	531,392	74,616	4,841	-
Consolidated Tribal Government Program - TPA/Tribal	T9130	-	-	-	-	261,268
Self-Governance Compacts - TPA/Tribal	T9240	(172,105)	(65,854)	(16,511)	(12,624)	(48,511)
TPA General Increase - TPA/Tribal	T9901	201,360	-	-	-	99,590
638 Pay Costs - TPA/Tribal	T9902	245,170	271,149	51,492	44,840	297,011
Retirement Adjustment - TPA/Tribal	T9903	6,900	-	-	0	-
<b>Total Self-Governance Base</b>		<b>883,717</b>	<b>1,023,688</b>	<b>284,446</b>	<b>338,628</b>	<b>798,287</b>

Figure 7. An Office of Self Governance tribal compacts table from the FY 2014 *Budget Justifications*. The highlighted and boxed Social Services and Child Welfare program funding levels were used to calculate the Tiwahe distribution for the Kaw Tribe, while the Social Services and Child Welfare program funding level amounts from the total CTGP line (also highlighted) were not. This led to a smaller base number being used to calculate the distribution.

## Appendix 4: Reprogramming by Tribe

This table shows the amounts the Office of Indian Services reprogrammed to 27 Title IV tribes in January 2017 to correct funding errors in the initial Tiwahe Initiative distribution.

Tribe	Social Services	Child Welfare	Total
Choctaw	\$70,240	-	\$70,240
Coos Bay	14,588	\$ 25,952	40,540
Coquille Indian Tribe	4,842	-	4,842
Cow Creek	10,492	15,074	25,566
Fond Du Lac	2,231	-	2,231
Grand Portage	9,546	-	9,546
Grand Ronde	44,992	-	44,992
Jemez, Pueblo of	6,755	-	6,755
Kaw	1,470	15,216	16,686
Metlakatla	13,342	23,646	36,988
Modoc Tribe of Oklahoma	2,582	12,620	15,202
Ohkay Owingeh	5,749	-	5,749
Osage	23,018	-	23,018
Quapaw Tribe of OK	2,242	-	2,242
Sac and Fox - OK	3,440	-	3,440
Saint Paul	4,294	-	4,294
Smith River	3,452	-	3,452
Taos Pueblo	5,479	-	5,479
Umatilla	20,180	23,646	43,826
Wampanoag	14,446	9,656	24,102
White Earth	84	-	84
Yselta Del Sur	9,949	-	9,949
Ak-Chin	-	16,152	16,152
Ewiaapaayp	-	13,006	13,006
Little River	-	16,876	16,876
Northfork	-	30,150	30,150
Seldovia	-	12,620	12,620
<b>Total</b>	<b>\$273,413</b>	<b>\$214,614</b>	<b>\$488,027</b>

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## **Appendix 5: Response to Draft Report**

The Assistant Secretary – Indian Affairs’ response to our draft report follows on page 33.



# United States Department of the Interior

Washington, D.C. 20240

Office of the Deputy Secretary  
Assistant Secretary – Indian Affairs

AUG 24 2018

Memorandum

To: Mary L. Kendall  
Deputy Inspector General

From: John Tahsuda, III   
Principal Deputy Assistant Secretary, Indian Affairs

Subject: Draft Audit Report – Indian Affairs Offices’ Poor Recordkeeping and  
Coordination Threaten Impact of Tiwahe Initiative  
Report No. 2017-ER-018

Indian Affairs appreciates the opportunity to comment on the Office of Inspector General (OIG) Draft Report “Indian Affairs Offices” Poor Recordkeeping and Coordination Threaten Impact of Tiwahe Initiative.” Indian Affairs provides the following response to the report’s recommendations.

**Recommendation 1:** We recommend that AS-IA:

- Direct the Office of Self Governance to work with tribes to track the components of the CTGP funding and publish these individual amounts each year in the BIA’s Budget Justifications.

**Response:** Indian Affairs partially concurs with Recommendation 1.

In accordance with 25 CFR 1000.105-109, the Office of Self Governance (OSG) currently tracks funding for the Title IV Self Governance Tribes in aggregate in the Self Governance Database and in the Bureau of Indian Affairs’ (BIA) Budget Justifications. This is different than the record-keeping for Title I, and is not accurate to use as a comparison tool for Title IV. (See Recommendation 5, Response Para. 2). It should be noted that the BIA Budget Office, not OSG, has been responsible for publishing the Consolidated Tribal Government Program (CTGP) breakout tables in the Budget Justifications, and has performed this task by including a CTGP breakout table (components of individual programs that were included in CTGP) in the BIA Budget Justifications.

Indian Affairs does concur that better tracking of the component parts of CTGP funding (consistent with Title IV policies) may improve aggregate reporting. However, to accomplish better tracking and reporting two things must occur. First, to break out the components of the CTGP Aid to Tribal Government (ATG) funding, track these numbers individually, and publish them in the BIA Budget Justifications, OSG would need additional staff, a forensic accounting contract, and an upgrade to the Self Governance Database. Second, consultation with the Self Governance Tribes would have to take place before implementation of a change in the process

**Responsible Party:** Director, Office of Self Governance (OSG)

**Target Date:** This partial concurrence is contingent upon additional appropriated funding for staffing, a forensic accounting contract, an upgrade to the Self Governance Database, and the completion of tribal consultation. This recommendation could be implemented within a 4-year timeframe upon the date the funding were made available and completion of tribal consultation.

**Recommendation 2:** We recommend that AS-IA:

- Direct the Office of Self Governance to determine “appropriate levels” of Child Welfare and Social Services program funding that should have appeared in the FY 2014 Budget Justifications.

**Response:** Indian Affairs concurs with Recommendation 2.

Indian Affairs concurs with Recommendation 2, but notes that Child Welfare and Social Services program funding for all Title IV tribes would not have appeared in the FY 2014 Budget Justifications in the exact same manner that Title I funding appeared.

The Office of Self Governance can determine appropriate levels of Indian Child Welfare Act (ICWA) and Social Services program funding by breaking out CTGP tables, reviewing prior Title IV tribes’ funding amounts, and using an aggregate method of calculating increases, decreases, and pay cost increases and then applying that percentage of increases to the Child Welfare and Social Services program numbers for each Title IV Tribe. OSG previously proposed the aggregate method but was rejected. OSG’s dilemma, when its criteria was rejected, was to comply with the criteria set forth by OIS and AS-IA or have a sizable number of Title IV Tribes disqualified from receiving any recurring Tiwahe funding.

Language in the draft Report suggests that OIG realizes OSG’s aggregate-type calculation is workable to produce appropriate base numbers for all Title IV Tribes, however, the draft Report also contains a fundamental misunderstanding of the uniqueness of the Self Governance Title IV Program and Self Governance tribal base budgets. The Title IV program was designed by Congress and Title IV Tribes from its inception to be a block grant-type process with concentration on respective total Self Governance tribal base amounts and with little emphasis on individual line items that may be contained within total Self Governance bases. This Self Governance block grant concept was approved by Congress and intended to provide flexibility for tribes to identify and meet the unique needs of their tribal communities. Consistent with this statutory-driven policy, Tribal Self Governance base numbers are currently appropriated in a block to OSG by Congress and then allocated to the Title IV Tribes.

Action Plan using Aggregate/Net Criteria for FY 2014:

1. Identify all Title IV historical amounts in funding agreements, CTGP, and ATG.
2. Identify pay costs increases per tribe starting when the tribe joined Self Governance.

3. Identify increases per tribe starting when the tribe joined Self Governance.
4. Identify decreases per tribe starting when the tribe joined Self Governance.
5. Net these amounts against every base program line.
6. Produce one updated number for Indian Child Welfare and Social Services lines for FY 2014.
7. Provide these two numbers to Office of Indian Services to calculate Tiwahe.

**Responsible Party:** Office of Self Governance (OSG)

**Target Date:** March 30, 2019

**Recommendation 3:** We recommend that AS-IA:

- Direct the Office of Indian Services to reapply its methodology and reconcile the Tiwahe funds.

**Response:** Indian Affairs concurs or non-concurs with Recommendation 3.

The Office of Indian Services (OIS) interprets this recommendation to state OIG wants OIS to reapply its FY 2014 Greenbook-based methodology to the list of recipients. If OIS assumption is correct, then OIS concurs and suggests this can be completed to ensure the distribution in FY 2019 aligns with the OIS method.

**Responsible Party:** Deputy Bureau Director, Office of Indian Services (OIS)

**Target Date:** June 30, 2018

**Recommendation 4:** We recommend that AS-IA:

- Direct the Office of Self Governance to determine the actual funding levels of individual tribal programs and report them annually in the Budget Justifications.

**Response:** Indian Affairs non-concurs with Recommendation 4.

The Office of Self Governance (OSG) does not have adequate staffing capacity to accomplish this manual task, nor the updated technology and forensic accounting capacity to produce actual sub-program by sub-program funding levels line by line. Title IV Tribes would have to agree to provide pay cost data sub-program by sub-program instead of the current process by which this information is produced in aggregate.

**Option #1:** An alternative, with needed resources provided, after consultation and given concurrence from the Title IV tribes, OSG could develop criteria as described in Recommendation 2 for situations when BIA program increases are distributed on a pro-rata basis. This process could be shared with BIA Central Office programs and Title IV Tribes. BIA Central Office programs would have to be directed by their line authority to agree to this methodology when implementing a program increase. This was a recommendation by a Self-Governance Tribal/ Federal Workgroup in 2012.

**Option #2: Action Plan for Forensic Accounting Process, if funded:**

1. Add additional staff.
2. Update Self Governance Data Base to FBMS (Contractual Agreement needs to be negotiated and funded).
3. Consult with Title IV tribes about the Action Plan.
4. Forensic accounting contract needs to be negotiated and funded to break out prior Title IV funding amounts line by line if Title IV tribes agree in consultation.
5. Consultation with Self Governance Tribes.
6. Create a module for forensic data.
7. Prepare operations manual for Self-Governance Data Base update draft.
8. Consult on manual draft document and module.
9. Reaccredit and recertify new module for database with DOI IT.
10. Direct Title IV Tribes to provide pay costs line by line to the regions.
11. Implement new module.
12. Train tribes and OSG staff on new module (Three site trainings for tribes).

**Responsible Party:** Director, Office of Self Governance (OSG)

**Target Date:** September 30, 2022, if funded

**Recommendation 5:** We recommend that AS-IA:

- Direct the Office of Self Governance to develop and implement a records management policy to track the annual funding for each program.

**Response:** Indian Affairs non-concurs with Recommendation 5.

OSG could update its Self-Governance Database Guide and develop a budget records management policy that supports the Self Governance Data Base. But is unable to concur with implementation to track annual funding for each program until there is funding provided to OSG for forensics accounting work going back to the time when each of the 122 tribes joined Title IV. Also, needed for this project would be one-time funding to automate the records management process to track funding line by line. Funding for additional staff to collect this information on an on-going basis and tribal consultation on the new process of data collection would be needed.

The Self Governance base is budgeted, appropriated and paid as one aggregate program amount. This is a block grant process approved by Congress. U.S. Senate. Select Committee on Indian Affairs. *Amending the Indian Self-Determination and Education Assistance Act (25 U.S.C 450 et SEQ)* (to accompany S.1287) (S. Rpt. 102-199 p. 1-2.) (1991). The individual programs within the Self Governance Base are not budgeted, appropriated, and paid program by program and are not funded program budget by program budget. Any changes from current practices will require tribal consultation and concurrence. (See response to Recommendation 1 above.)

If the required staffing is not provided, the tracking of CTGP components, program by program components, and calculations to determine actuals cannot be accomplished. The system in use by

OSG for Title IV Tribes implements the Title IV regulations that support a base amount of funding in aggregate. See 25 CFR 1000.105-109. The regulations prescribe a single Self Governance base budget and not a program by program budget.

Action Plan for Forensic Accounting Process, if funded:

1. Add additional staff.
2. Update Self Governance Data Base to FBMS (Contractual Agreement needs to be negotiated and funded).
3. Consult with Title IV tribes about the Action Plan.
4. Forensic accounting contract needs to be negotiated and funded to break out prior Title IV funding amounts line by line if Title IV tribes agree in consultation.
5. Consultation with Self Governance tribes.
6. Create a module for forensic data.
7. Prepare operations manual for Self-Governance Data Base update draft.
8. Consult on manual draft document and module.
9. Reaccredit and recertify new module for database with DOI IT.
10. Direct Title IV tribes to provide pay costs line by line to the regions.
11. Implement new module.
12. Draft Policy Manual.
13. Consult Draft Policy Manual with Title IV Tribes.
14. Finalize Policy Manual.
15. Train tribes and OSG staff on new Policy Manual and updated database and new module (Three site trainings for tribes).

**Responsible Party:** Director, Office of Self Governance (OSG)  
Program Analyst, Office of Self Governance

**Target Date:** Unknown

**Recommendation 6:** We recommend that AS-IA:

- Ensure that the Offices of Indian Services and Self Governance develop standard operating procedures, and formalize them in a memorandum of understanding or other document agreeing to work together and create a functional funding methodology for future distributions.

**Response:** Indian Affairs concurs with Recommendation 6 in part.

The Office of Indian Services (OIS) concurs with the portion of this recommendation related to development of standard operating procedures and collaborating with the Office of Self Governance (OSG). However, OIS is requesting clarification on the creation of “a functional funding methodology for future distributions” as that statement appears to conflict with Recommendation 3. The OIG directs OIS to reapply “its methodology” for reconciliation purposes.

The Office of Self Governance (OSG) concurs with Recommendation 6 in part. A Memorandum of Understanding (MOU) or Standard Operating Procedure (SOP) will be developed and formalized adding a fundamental methodology for future distributions based on aggregate/net calculations.

**Responsible Party:** Deputy Bureau Director, Office of Indian Services (OIS)  
Director, Office of Self Governance (OSG)

**Target Date:** May 1, 2019 (OIS)  
May 1, 2019 (OSG)

**Recommendation 7:** We recommend that AS-IA:

- Direct the Offices of Indian Services and Self Governance to use Part 70, Chapter 3, of the Indian Affairs Manual (“Human Services Financial Assistance and Social Services Reporting”) as a guide to develop and implement a formal policy to address funding distributions at each office.

**Response:** Indian Affairs concurs in part and does not concur in part with Recommendation 7.

The Office of Self Governance (OSG) and the Office of Indian Services will develop a formal policy to address distribution of funding increases for each office.

The Office of Self Governance will not agree to using Part 70, Chapter 3 that it believes is not applicable to the other program funds that OIS manages and currently is cumbersome and overly bureaucratic.

The Office of Indian Services (OIS) concurs with this recommendation and is committed to working with OSG to develop a Methodology to be published in the Indian Affairs Manual.

**Responsible Party:** Director, Office of Self Governance (OSG)  
Program Analyst, Office of Self Governance (OSG)  
Deputy Bureau Director, Office of Indian Services (OIS)

**Target Date:** June 1, 2019 (OSG)  
June 1, 2019 (OIS)

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## Appendix 6: Recommendation Status

This table shows the current status of our recommendations.

<b>Recommendation Nos.</b>	<b>Status</b>	<b>Action Required</b>
1, 2, 3, 6, 7	Resolved but not implemented	We will refer these recommendations to the Assistant Secretary for Policy, Management and Budget to track their implementation.
4, 5	Unresolved	We will refer these recommendations to the Assistant Secretary for Policy, Management and Budget to track their resolution and implementation.

