

**CROW TRIBE
ABANDONED MINE LAND
ANNUAL REPORT
EVALUATION YEAR 2003**



**PREPARED BY THE
OFFICE OF SURFACE MINING
CASPER FIELD OFFICE
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Part I. General

The Surface Mining Control and Reclamation Act of 1977 (SMCRA) created the Office of Surface Mining Reclamation and Enforcement (OSM) in the Department of the Interior to oversee the regulation of coal exploration and surface coal mining and reclamation operations and the reclamation of lands adversely affected by past mining practices. SMCRA provides that, if certain conditions are met, a State may assume primary authority for the reclamation of abandoned mine lands within its borders.

Because legislation for Tribes did not exist, a supplemental appropriations bill (Public Law 100-71) was enacted on July 11, 1987, to amend SMCRA and to authorize the Crow, Hopi, and Navajo tribes the right to obtain the Secretary of the Interior's approval of the Abandoned Mine Land Reclamation (AMLR) programs without first having regulatory programs as required by Section 405 of SMCRA. Once a Tribe has an approved AMLR program, OSM has responsibility to make investigations, evaluations, and inspections necessary to determine if the Tribal program is being administered in accordance with approved program provisions. The Crow AMLR Program was approved by OSM on January 4, 1989. The Tribe established a Crow Office of Reclamation (COR) to administer its abandoned mine land program.

The Crow Reservation, an area approximately 2,226,000 acres, is located in south-central Montana adjacent to the Wyoming border. Adjoining the reservation to the north is the 1,100,000 acre Crow Ceded Area, where the Crow Tribe of Indians holds extensive mineral rights. Prior to 1904, the Ceded Area was a part of the reservation. Congress required the Tribe to return the surface rights to the area to the United States through legislation enacted in 1904. The surface was then acquired by non-Indians. The Tribe retained ownership to the minerals, and has AMLR reclamation jurisdiction for the Ceded Area.

Numerous small abandoned mines are located on the reservation and the Ceded Area. Historically, coal was mined for local domestic use by residents of the area. The Tribe concentrated its reclamation efforts during the evaluation year on low priority coal sites. The Tribe has been unable to obtain access to the few remaining high priority coal sites on the Ceded Area. Landowners where the sites are located have denied access for various reasons. The Tribe continues to work with these landowners in an attempt to obtain consensual access. As a result, all accessible high priority sites on the Ceded Area have been reclaimed. During the evaluation year, the Tribe identified an additional high priority underground mine site on the reservation. This site will be reclaimed during the next evaluation year.

All reclamation funds to support the Tribe's program are generated from the one active mine located in the Ceded Area. During Calendar Year 2002, production from this mine was approximately 5.1 million tons. This resulted in an FY2003 allocation to the Tribe of \$545,954 of Tribal share AML funds. This level of funding qualifies the Tribal program as a minimum program under SMCRA. Normally this would have resulted in a supplement of Federal Share funds of up to \$1.5 million if sufficient high priority coal projects existed on the Abandoned Mine Lands Inventory System (AMLIS). In past years, the Tribe has received and accumulated supplemental funds from the Federal share sufficient to reclaim all remaining hazardous

abandoned coal mine related problems recorded in AMLIS. Therefore no additional Federal share funds were provided to the Tribe in the FY2003 allocation.

The COR administrative staff is made up of 3.7 full time employees. This staff is responsible for the direction of all construction activities as well as all administrative functions of the program. To assure an acceptable level of control, OSM in their approval of the Crow Tribe AMLR program, required that the administrative functions such as grant application preparation, progress report preparation, payroll, procurement, property management, and all financial activities be separate from the Tribal systems.

All construction to date has been accomplished by manual labor using hand tools. The AML program is a major employer on the reservation. During the construction season of this evaluation year, approximately 30 laborers and foremen were employed to reclaim AML sites. The construction season began in April and will continue through November.

The 2003 evaluation period started on October 1, 2002 and concluded June 30, 2003. Normally the evaluation period is for twelve months. This nine month evaluation period was required in response to Office of Management and Budget and Department of Interior decisions to accelerate the dates that annual agency performance and accountability reports are due to OMB and Congress. Subsequent annual reporting and oversight data reporting periods will commence on July 1 and end on June 30 for a full 12 months. The shorter evaluation period did not adversely affect the evaluation of the program.

Evaluation of the Tribal AML program is conducted by OSM's Casper Field Office (CFO) located in Casper, Wyoming. Evaluation methods are based upon OSM Directive AML-22 and a Programmatic Agreement between the Tribe and OSM. This agreement incorporates a shared commitment by the Tribe and OSM in determining how oversight will be conducted. The Tribe takes an active role in the entire oversight process. Oversight is designed to evaluate whether the Tribe, through its AMLR program, is achieving the overall objective of Section 102 of SMCRA which states that AMLR programs are to:

"... promote the reclamation of mined areas left without adequate reclamation prior to the enactment of this Act and which continue, in their unreclaimed condition, to substantially degrade the quality of the environment, prevent or damage the beneficial use of land or water resources, or endanger the health or safety of the public ..."

As a result of the Agreement, specific topics were identified for review and review methodologies were developed for the evaluation period. The reviews were designed to result in an overall measure of the Tribe's success in achieving planned reclamation goals. By focusing on end results, OSM is able to determine the root causes of problems and concentrate its resources on prevention by providing assistance to the Tribe to improve its program. The specified topics selected for review were those identified by OSM and the Tribe from past experience which could have or have the most potential for preventing the Tribe from achieving their planned reclamation goals. At the end of the evaluation period, OSM prepared this annual report and gave the Tribe the opportunity to comment on its contents. The Tribe agrees with the

contents of this report.

Part II. Results of Enhancement and Performance Reviews

Last year's evaluation revealed several deficiencies. The CFO found a lack of controls relating to property management, timely travel claim reconciliations, proper treatment of compensation for incentive awards, and procurements. These weaknesses resulted in unnecessary costs, delinquent repayment of excess travel advances, improper treatment of payroll taxes, and unnecessary procurements. Even though the number of incidents was few, and the amounts involved small, they were considered significant because they resulted from either a lack of policy or not applying existing policy.

Due to a reduction in the program administrative staff during this evaluation year, the procurement and property management functions were distributed to the remaining administrative positions. The inherent risks associated with such changes and the deficiencies noted during the previous evaluation period were used in determining the areas to be evaluated during this evaluation year. Enhancement and Performance Reviews were structured to evaluate the Tribe's effectiveness in achieving three principles. They are: (1) Program States and Indian tribes must have approved reclamation plans which meet the requirements of Federal laws and regulations and conduct reclamation in accordance with their plan; (2) on-the-ground construction is to be achieved in a timely, cost-effective manner; and (3) programs should have systems in place to ensure accountability and responsibility for spending AML funds and a process to assure that the systems are working. Specific areas of interest within these three principles were reviewed. The specific areas of interest reviewed for the first principle was project inventory maintenance. Overall reclamation success was evaluated for the second principle. Five specific areas of interest applied to the third principle. They included timeliness of drawdowns, adequacy of accounting procedures, timeliness of applications and reports, timeliness of A-133 audits and implementation of audit recommendations, adequacy of procurement, and management of property.

As a result of the reviews, the CFO concluded that the Tribe's overall performance needs improvement. Overall reclamation success was achieved on all construction projects completed during the evaluation year. The planned reclamation goals for all of the sites have been achieved. The Tribe continues to maintain an accurate inventory of AML projects within AMLIS. In addition, the Tribe appears to have adopted controls that minimize drawdowns to the amounts needed for immediate program needs. All payroll transactions were accurately prepared.

However, the CFO found in this year's review that the Tribe was deficient in timely grant closeout reporting to OSM, the distribution of costs to appropriate budget categories, the assignment of costs to proper grants, management of property, timely and accurate travel claim reconciliations and the recovery of travel advances, and the preparation of supporting procurement documentation to substantiate competition and timely procurement approvals. These weaknesses resulted in delinquent closeout reports, a lack of budget management, improper distribution of costs between grants, delinquent and inaccurate repayment of excess

travel advances, a lack of funds availability determinations and approvals prior to procurements, and the inability to substantiate procurement competition. These deficiencies were considered significant because they are systemic deficiencies resulting in unacceptable risks to proper management of grant funds and property. Several of the deficiencies were identified during last year's evaluation and remain uncorrected. The Tribe has notified OSM that the incidents resulting from the systemic weaknesses have been corrected and that controls will be adopted to ensure that these types of errors will not occur in the future. During the next evaluation year, OSM will monitor the progress of the Tribe in adopting adequate controls to correct the systemic weaknesses that resulted in the incidents of non-compliance.

Appendix A contains the "Enhancement and Performance Review Reports" reflecting the details of the reviews conducted during the evaluation year.

Part III. Accomplishments and Inventory Reports

Prior to the effective date of SMCRA, coal mining on the Crow reservation resulted in hazards relating to abandoned equipment and facilities and unreclaimed subsidence, vertical openings, portals, highwalls and impoundments. Unreclaimed environmental problems consisted of spoil piles, pits, gob piles, haulroads, and minor highwalls. Three deaths and six injuries are known to have previously occurred in association with abandoned mines. No deaths or injuries have occurred in recent years.

The Tribe concentrated its reclamation efforts during the evaluation year on three low priority coal sites. Two sites were started and completed during the evaluation period and the other site was started during this evaluation period and should be completed during the next evaluation period. Work on the three sites resulted in the reclamation of approximately 5 1/2 acres. Projects worked on during the evaluation year consisting of minor highwalls, pits, and gob piles.

Since implementation of their approved AMLR program, the COR has eliminated safety hazards and threats to the environment posed by unreclaimed mines. Reclamation has involved coal and non-coal mines as provided for in SMCRA. Table 1 reflects the accomplishments of the Crow AML Reclamation Program since its inception and those problems that remain to be reclaimed. The reclamation accomplishments reflected in this Table have enhanced surrounding areas and returned the land to a condition that is of greater use to the Crow Tribe and others.

TABLE 1



ABANDONED MINE LAND RECLAMATION NEEDS AND ACCOMPLISHMENTS SINCE PROGRAM APPROVAL

Problem nature	Unit	Coal-related problems				Noncoal-related problems	
		Abatement status			Total	Abatement status	
		Unfunded	Funded	Completed		Funded	Completed
Priority 1 & 2 (Protection of public health, safety, and general welfare)							
Clogged streams	Miles	-	-	-	0.0	-	-
Clogged stream lands	Acres	-	-	1	1.0	-	-
Dangerous highwalls	Lin. Feet	-	-	1,765	1,765.0	-	352
Dangerous impoundments	Count	-	-	1	1.0	-	-
Dangerous piles & embankments	Acres	1	-	21.6	22.6	-	3.3
Dangerous slides	Acres	-	-	-	0.0	-	1
Gases: hazardous/explosive	Count	-	-	-	0.0	-	-
Underground mine fires	Acres	-	-	-	0.0	-	-
Hazardous equip. & facilities	Count	5	-	31	36.0	-	-
Hazardous water bodies	Count	-	-	1	1.0	-	-
Industrial/residential waste	Acres	-	-	-	0.0	-	-
Portals	Count	3	1	12	16.0	-	-
Polluted water: agric. & indust.	Count	-	-	2	2.0	-	-
Polluted water: human consumption	Count	-	-	-	0.0	-	-
Subsidence	Acres	-	-	-	0.0	-	-
Surface burning	Acres	-	-	-	0.0	-	-
Vertical opening	Count	-	-	4	4.0	-	-
Priority 3 (Environmental restoration)							
Spoil areas	Acres	-	2.3	22	24.3	-	3
Benches	Acres	-	-	5.6	5.6	-	-
Pits	Acres	-	12	21.5	33.5	-	4
Gob piles	Acres	-	-	35.3	35.3	-	-
Slurry ponds	Acres	-	-	.1	0.1	-	-
Haul roads	Acres	-	-	11.7	11.7	-	-
Mine openings	Count	-	-	2	2.0	-	-
Slumps	Acres	-	-	3.6	3.6	-	-
Highwalls	Lin. Feet	-	100	1945	2,045.0	-	300
Equipment/facilities	Count	-	-	-	0.0	-	-
Industrial/residential waste	Acres	-	-	-	0.0	-	-
Water problems	Gal./min.	-	-	-	0.0	-	-
Other	---	-	-	-	0.0	-	-

Note: All data in this table are taken from the Abandoned Mine Land Inventory System (AMLIS).

APPENDIX A

ENHANCEMENT AND PERFORMANCE REVIEW REPORT

**CROW TRIBE OF INDIANS AML PROGRAM
ENHANCEMENT AND PERFORMANCE REVIEW REPORT
EVALUATION YEAR 2003**

Principles Being Evaluated: Program States and Indian tribes must have approved reclamation plans which meet the requirements of Federal laws and regulations and conduct reclamation in accordance with their plan.

Subelement: Inventory Maintenance

Review Dates: Continuous

Personnel: Oliver Spotted Horse (COR) and Orvel Gustafson (CFO)

Background: OSM's Abandoned Mine Land Inventory System (AMLIS) is an inventory of AML problems. The inventory is used to determine the extent of AML problems and related reclamation accomplishments. States/Tribes are responsible for maintaining a current inventory of AML projects. This is accomplished by the States/Tribes updating the inventory through direct automated access to AMLIS. This activity has been linked to the grant process so that OSM can assure that updates are made prior to approving grant actions. Prior to making the link to the grant process, there was no systematic method for OSM to evaluate the accuracy of the State's/Tribe's entries into AMLIS. Thus, in many instances, incomplete or inaccurate data was entered in AMLIS. This was the case with the Crow Tribe's inventory for data entered into AMLIS. Through the cooperation of OSM and the Tribe, their entire inventory was reviewed and necessary corrections made. This effort was concluded during the 2002 evaluation year. As a result, the Tribe's AML inventory was accurate and complete. This topic was reviewed during this evaluation period as an inherent part of the grant project approval process.

Review Methodology: The review was conducted prior to the issuance of an Authorization to Proceed for each of the projects planned for reclamation and as a part of the grant closeout procedure. The review measured the Tribe's effectiveness in entering accurate inventory data into AMLIS. The accuracy of the data contained in the Tribe's internal inventory and the data input into AMLIS was verified through project documentation and OSM's knowledge of the sites obtained during site visits and ongoing communications with Program personnel.

Population / Sample: The population consisted of all identified AML sites. The sample consisted of all projects identified during the evaluation year, all projects for which a request for authorization to proceed had been requested by the Tribe during the evaluation year, and all projects for which a grant closeout had been submitted by the Tribe during the evaluation year.

Findings and Conclusions: The Tribe's project inventory data is accurate in AMLIS.

Corrective Actions: No corrective action is necessary.

**CROW TRIBE OF INDIANS AML PROGRAM
ENHANCEMENT AND PERFORMANCE REVIEW REPORT
EVALUATION YEAR 2003**

Principles Being Evaluated: On-the-ground reclamation is to be achieved in a timely, cost-effective manner.

Subelement: Overall Reclamation Success

Review Dates: June 16-17, 2003

Personnel: Oliver Spotted Horse (COR), and Orvel Gustafson (CFO)

Background: This principle is the overriding goal of the AML program and must be addressed annually. The Tribe has obtained overall reclamation success in past evaluation years with the exception of sparse vegetation on some projects during dry years. Successful revegetation of these areas was accomplished in subsequent years.

Review Methodology: The evaluation of the overall reclamation consisted of site inspections of the sample sites to evaluate if reclamation objectives were met on the projected worked on during the evaluation year. Vegetation success was evaluated through site inspections of the two sites worked on during the 2000 evaluation year. A review of the Tribe's internal project documentation and the NEPA documentation was reviewed prior to each site visit to determine the reclamation objectives for the project.

Population / Sample: The population consists of all completed reclamation projects and projects in the construction phase. The sample consisted of all reclamation sites worked on during the evaluation year and two sites reclaimed during the 2000 evaluation year.

Findings and Conclusions: Overall reclamation success is being achieved by the Tribe.

Corrective Actions: No corrective action is necessary.

**CROW TRIBE OF INDIANS AML PROGRAM
ENHANCEMENT AND PERFORMANCE REVIEW REPORT
EVALUATION YEAR 2003**

Principles Being Evaluated: Programs should have systems in place to ensure accountability and responsibility for spending AML funds and a process to assure that such systems are working.

Subelement: Grants Management (Drawdown and Disbursement)

Review Dates: June 9-11, 2003

Personnel: Amy Lopez-Dexter (COR) and Neal Jacquot and Orvel Gustafson (CFO)

Background: The US Treasury requires that grant recipients minimizing the time between the transfer of funds from the US Treasury and the pay out of funds for program purposes to the shortest time administratively possible. The Treasury requires that granting agencies review the grantees drawdown activities to assure that drawdowns are timely and that no excess funds are being held by the grantee. The COR makes all payments for their program through check payment. These payments are for payroll and all other costs and are paid biweekly. Timing of drawdowns is made to assure that check issuance occurs on the same day that funds from the drawdown are received in the COR's bank account. The Tribe did not hold any excess cash balances during the previous evaluation year.

Review Methodology: The analysis consisted of a review of month-end bank account reconciliations to determine if the significant book/bank balances existed as of the last day of each month.

Population / Sample: The population consisted of all month-end bank balance reconciliations from October 1, 2002 through June 30, 2003. The sample consisted of all bank reconciliations from October 1, 2002 through May 31, 2003.

Findings and Conclusions: The Tribe's AML program bank balances ranged from \$2,300 to \$2700 from October, 2002 through January, 2003. A drawdown adjustment was made during February, 2003 to eliminate the balance.

Corrective Actions: The Tribe must make timely adjustments to minimize the time that excess funds are held.

**CROW TRIBE OF INDIANS AML PROGRAM
ENHANCEMENT AND PERFORMANCE REVIEW REPORT
EVALUATION YEAR 2003**

Principles Being Evaluated: Programs should have systems in place to ensure accountability and responsibility for spending AML funds and a process to assure that such systems are working.

Subelement: Grants Management (Accounting Procedures)

Review Dates: June 9-11, 2003

Personnel: Amy Lopez-Dexter and Laura Pretty Weasel (COR) and Neal Jacquot and Orvel Gustafson (CFO)

Background: The Tribe's AML program requires that the program accounting system be separate and apart from the Tribe's central accounting system. The Tribe's AML program does not generate program income. Expenditures are a result of payroll, travel, and accounts payable transactions. The AML program pays payroll biweekly. The greatest amount of payroll activity occurs during the construction season. Travel occurs primarily for training and meetings. Account payables mainly result from the procurement of property, rental space, supplies, vehicles and gas related services, and utility services. In almost all instances, payment of accounts payable is conducted on a biweekly basis. All expenditures must be related to activities of the grants to which they are allocated. Bank reconciliations are to be prepared monthly. The previous year's evaluation revealed weakness relating to travel activities, cost allocations to grants, accounting for incentive awards to employees, and bank reconciliation procedures.

Review Methodology: The sample of transactions was selected from the check register. All documentation relating to each transaction was reviewed to determine if the transaction met all Federal requirements and that generally accepted accounting principles were used when accounting for the expenditures.

Population / Sample: The population consisted of all transactions and monthly bank reconciliations conducted during the evaluation year. The sample consisted of fifty-two transactions. These transactions included some transactions related to general purchases, all property purchases during the evaluation year and some transactions relating to payroll. In addition, the sample included a review of seven monthly bank reconciliations, all transactions conducted to correct the weaknesses noted during the previous evaluation year, and transactions relating to the reimbursement of unallowable costs identified in the previous year's evaluation.

Findings and Conclusions: Findings were made in the following three areas:

Travel - There were several instances where there were a lack of controls relating to travel advances, timely filing of travel claims, recovery of funds when advances exceeded allowable travel expenses and miscalculations of allowable travel costs. The lack of such controls resulted in inaccurate travel costs, excessive time between travel and the filing of allowable expenses (some over one year), and repayment of travel advances through payroll deduction spanning multiple pay periods.

Cost Allocations - There were three instances where cost were not appropriately allocated between the AML and Regulatory grants. This resulted in inaccurate total costs for each of the grants and violated grant terms by using funds from one grant to pay expenditures of another grant.

Cost Categorization – There were six instances where costs were charged to wrong budget categories. This resulted in inaccurate cost accounting, the inability to accurately determine how program expenditures levels related to planned expenditures in the budget, and the potential for inaccurate cost reporting to OSM.

Payroll – No deficiencies were noted in this area.

Bank Reconciliations – No deficiencies were noted in this area.

All deficiencies noted during this review were recurring deficiencies noted in the previous evaluation year. The Tribe had corrected the incidents noted during the previous year but had not corrected the systemic problems that allow these errors to occur.

Corrective Actions: The Tribe has notified OSM that they have completed all travel reconciliations and collected all outstanding travel advances. During next evaluation year, OSM will assure that the erroneous allocation of costs to inappropriate grants and the erroneous categorization of costs have been corrected. The Tribe must establish policies and controls to ensure that the foregoing deficiencies do not occur in the future. During the next evaluation year, OSM will verify that appropriate corrective actions have been taken to correct the foregoing systemic deficiencies.

**CROW TRIBE OF INDIANS AML PROGRAM
ENHANCEMENT AND PERFORMANCE REVIEW REPORT
EVALUATION YEAR 2003**

Principles Being Evaluated: Programs should have systems in place to ensure accountability and responsibility for spending AML funds and a process to assure that such systems are working.

Subelement: Grants Management (Timeliness of Applications and Reports)

Review Dates: Continuous

Personnel: Amy Lopez-Dexter (COR) and Orvel Gustafson (CFO)

Background: The Tribe's grant/amendment applications for funds, interim and closeout reports, and requests for Authorizations to Proceed with projects must meet OSM's established timeframes. Grant/amendment applications are required sixty days before the requested effective date of the grant, interim reports are due thirty days after the end of the reporting period and closeouts are required ninety days after the end of the grant period. Requests by the Tribe for Authorizations to Proceed with projects require sixty days lead time to allow OSM to perform historic preservation consultations and obtain necessary approvals. These timeframes were established to assure that funding and project approval actions result in continuous program operations and timely and accurate recordation of accomplishments and financial data relating to the Tribal AML Program. No deficiencies in this subelement were noted during the previous evaluation year.

Review Methodology: CFO continuously reviewed the timing of Tribal submissions of grant/amendment applications for funds, interim and closeout reports, and requests for Authorizations to Proceed with projects to assure that they met OSM's pre-established timeframes which would result in continuous program operations.

Population / Sample: The population consisted of all grant/amendment applications, requests for Authorizations to Proceed, and closeout reports required during EY2003. The sample equaled the population.

Findings and Conclusions: As of the end of the evaluation year, the Tribe was 30 days delinquent with the closeout report for the FY 2002 grant. As required by the grant agreement terms, no additional funding will be provided to the Tribe until the closeout report is submitted.

Corrective Actions: The Tribe must immediately submit the delinquent closeout report and submit all future reports in a timely manner.

**CROW TRIBE OF INDIANS AML PROGRAM
ENHANCEMENT AND PERFORMANCE REVIEW REPORT
EVALUATION YEAR 2003**

Principles Being Evaluated: Programs should have systems in place to ensure accountability and responsibility for spending AML funds and a process to assure that such systems are working.

Subelement: Grants Management (Audits and Implementation of Audit Recommendations)

Review Dates: Continuous

Personnel: Amy Lopez-Dexter (COR) and Orvel Gustafson (CFO)

Background: The Tribe is subject to an annual OMB Circular A-133 audit. The Crow Tribe contracts with independent CPA's to complete the A-133 audit annually. If there are findings related to OSM programs, OSM must resolve the findings with the Tribe. Due to the Department of Interior's audit resolution requirements, this subelement is reviewed each evaluation year. Last years review revealed that the audit report contained several findings that pertained to all programs. OSM and the Tribe reviewed the findings and concluded that the report was in error and that none of the findings pertains to the AML program.

Review Methodology: Due to the shortened evaluation year, the A-133 audit report for the timeframe October 1, 2001 through September 30, 2002 was not completed at the end of the evaluation year. This element was part of the EY 2003 Evaluation Plan because OSM did not shorten the evaluation year until after the evaluation plan was negotiated with the Tribe. The review for this audit report period will be conducted during the next evaluation year.

Population / Sample: During the next evaluation year, the population will consist of all of the findings in the A-133 Audit completed for the period of October 1, 2001 through September 30, 2002. The sample will be equal to the population.

Findings and Conclusions: NA

Corrective Actions: No corrective action is necessary.

**CROW TRIBE OF INDIANS AML PROGRAM
ENHANCEMENT AND PERFORMANCE REVIEW REPORT
EVALUATION YEAR 2003**

Principles Being Evaluated: Programs should have systems in place to ensure accountability and responsibility for spending AML funds and a process to assure that such systems are working.

Subelement: Grants Management (Procurement)

Review Dates: June 9-11, 2003

Personnel: Amy Lopez Dexter and Laura Pretty Weasel (COR) and Neal Jacquot and Orvel Gustafson (CFO)

Background: The Tribe's AML program requires that AML program staff make procurements independent of the Tribal procurement activities. However, the AML program must use Tribal procurement procedures. There were two instances during the previous evaluation year where procurements were made outside of normal Tribal procurement policies and procedures. In addition, the Procurement Specialist's position was abolished and the responsibilities of that position were consolidated into the Finance Manager and Payroll Clerk responsibilities. Due to the findings of the last year's evaluation, the risks associated with changes in personnel, and a small staff from which to provide desired separation of duties, this subelement was selected for review.

Review Methodology: Tribal procurement policies and procedures and all documentation for each of the sampled transactions were reviewed to ensure that the procurements were accomplished using Tribal procurement policies and procedures.

Population / Sample: The population of the procurement review was all procurements conducted during the evaluation year. The sample consisted of the same transactions selected to test the accounting procedures subelement excluding the payroll and travel transactions and the transactions relating to last year's findings. The sample consisted of thirty-two accounts payable transactions.

Findings and Conclusions: The Tribe's procurement policies and procedures require that, at a minimum, price quotes must be obtained from three vendors prior to executing each procurement. There were six procurements where the files did not contain evidence of price competition prior to completion of the procurements. In addition, there was one instance where bids were evaluated on a per/hour basis with no consideration given to total cost. The seven procurements were performed in violation of Tribal procurement policies established to give reasonable assurance that the best price is obtained for goods and service purchased. The review also revealed numerous instances where procurements were made prior to completing purchase requests, funds availability determinations, and purchase

orders as required by Tribal procurement policies and procedures. This finding was made in the previous evaluation year. The number of instances where this deficiency was noted has increased from the previous year. Circumventing these procedures raises the possibility of unauthorized purchases and the possibility of making purchases where funds were not budgeted for a particular purchase.

Corrective Actions: The Tribe must apply their procurement procedures to all procurements.

**CROW TRIBE OF INDIANS AML PROGRAM
ENHANCEMENT AND PERFORMANCE REVIEW REPORT
EVALUATION YEAR 2003**

Principles Being Evaluated: Programs should have systems in place to ensure accountability and responsibility for spending AML funds and a process to assure that such systems are working.

Subelement: Grants Management (Property Management)

Review Dates: June 9-11, 2003

Personnel: Laura Pretty Weasel (COR) and Neal Jacquot and Orvel Gustafson (CFO)

Background: The Tribe's AML program requires that AML program staff manage AML program grant purchased property independent of the Tribal property management activities. However, property management activities must comply with Tribal procedures while meeting the minimum requirements of the Federal Common Rule. During the previous evaluation year, two out of three newly purchased items of property were not entered onto the property records. This has also been noted as an ongoing weakness in years prior to the previous evaluation year. In addition, due to a lack of property controls during EY 2002, two construction trailers were taken without authorization. The trailers were later recovered. Also, the Procurement Specialist's position, which was responsible for property management, was abolished during the evaluation year and the responsibilities of that position were consolidated into the Payroll Clerk responsibilities. Due to the findings of last year's evaluation, the risks associated with changes in personnel, and a small staff from which to provide desired separation of duties, this subelement was selected for review during this evaluation year.

Review Methodology: The review methodology consisted of a review of procurements of property to assure that the property purchased during the evaluation year was entered into the property inventory records. In addition, property records were reviewed to determine if unneeded or unusable property had been properly disposed of and had been removed from the property records. The requirements of the Federal Common Rule and the policies of the Tribe were used in determining what property should be included in the property listing.

Population / Sample: The population was all property purchased and disposed of during the evaluation year. The sample was equal to the population and consisted of six property purchases and eight property disposals.

Findings and Conclusions: Due to a lack of controls, none of the six pieces of property purchase and the eight items disposed of during the evaluation year was added to or eliminated from the property records, respectively. The Tribe corrected the property records for the fourteen items prior to the conclusion of OSM's review. These same

findings have been made during several previous evaluation years. Property controls continue to be a deficiency. As a result, an unacceptable potential risk of loss of grant purchased property exists.

Corrective Actions: The Tribe must establish and implement appropriate policies and controls that result in the recordation of newly purchased equipment to their inventory listing when the equipment is received. Failure to do so will result in an unacceptable risk of loss of grant purchased property.