CROW TRIBE
ABANDONED MINE LAND
ANNUAL REPORT
EVALUATION YEAR 1997

Crow Country

PREPARED BY THE
OFFICE OF SURFACE MINING
CASPER FIELD OFFICE
DECEMBER 1997

TABLE OF CONTENTS

Part I.	**General**	**1**
Part II.	**Noteworthy Accomplishments**	**4**
Part III.	**Results of Enhancement and Performance Reviews**	**5**
Part IV.	**Accomplishments and Inventory Reports**	**5**
APPENDIX A.	**Enhancement and Performance Review Reports**	**A-1**

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 hold 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.

In past evaluation years the Tribe has been unable to obtain access to the Ceded Area abandoned mines. Several of the sites are considered by the Tribe to be high priority coal sites needing reclamation. Non-Indian surface owners question the need for reclamation of the sites in the Ceded Area, and therefore have denied access to the sites. Due to the lack of access, the Tribe has concentrated its reclamation efforts on coal and high priority non-coal sites on the reservation during the past several evaluation periods. As a result, all high priority sites on the reservation have been reclaimed. Only lower priority coal projects remain to be reclaimed on the reservation. During this evaluation period, the Tribe was successful in obtaining access to the high priority sites in the Ceded Area. Therefore, virtually all of the construction activity occurred on high priority coal sites.

All reclamation funds to support the Tribe's program are generated from the one active mine located in the Ceded Area. FY97 production from this mine was 4.5 million tons. This resulted in an FY97 allocation to the Tribe of $463,527 of Tribal share. 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 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 which had been identified at the end of FY96. Therefore no additional Federal share funds were provided to the Tribe in the FY97 allocation. The FY97 allocation plus the accumulated Federal share funds from prior years were sufficient to provide in excess of $1 million to the Tribal AML Program in the FY97 grant. Additional high priority sites were identified and added to the inventory during this evaluation period. Therefore, the Tribe will qualify for additional Federal share funds in FY98. If no additional high priority sites are identified, FY98 will be the last year that the Tribe receives Federal share funds. Thereafter, future Tribal allocations will be limited to Tribal share funds which is currently between $400,000 and $500,000.

The COR administrative staff is made up of 7.5 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 with hand tools and manual labor.

The AML program is a major contributor to the economy of the Tribe. During the construction season of this evaluation year, the COR was the largest employer on the reservation. Approximately 65 laborers and foremen were employed to reclaim the AML sites.

The 1997 evaluation period started on October 1, 1996 and concluded September 30, 1997. Evaluation of the Tribal AML program is conducted by OSM's Casper Field Office (CFO) located in Casper, Wyoming. The evaluation methods are based upon OSM Directive AML-22 and a Programmatic Agreement between the COR 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. The agreement was 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 ..."

Through the Agreement, specific topics are identified for review and review methodologies are developed for the evaluation period. The reviews are 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.

During the previous evaluation year it was found that the overall reclamation success of the projects reclaimed was very satisfactory. The planned reclamation goals for all of the sites had been achieved with the exception of minor maintenance work requirements such as final weed control and incidents of sparse vegetation. However, it was determined that significant problems in the areas of maintenance of project inventory, records management, project planning, timeliness of grant applications and reports, and property management existed. These deficiencies resulted in (1) lay-off of construction personnel and near shutdown of the program due to a lack of available funding, (2) a potential delay of future Federal share funding, (3) an inaccurate record of program accomplishments, (4) a loss of property, and (5) an inability to produce project documentation, e.g., proof that Rights-of-Entry had been obtained and that other pre-construction requirements of the program had been achieved prior to proceeding with construction. The weaknesses identified were determined to be a result of a lack of program management.

Virtually all of these problems were unresolved at the beginning of this evaluation period. Due to the impacts of these deficiencies, OSM considered them major deficiencies. Therefore, OSM and the Tribe agreed that program evaluation efforts for this evaluation year should concentrate on the correction of the deficiencies noted during the last evaluation period. A corrective action plan was developed for this evaluation period and the same Programmatic Agreement used for the previous evaluation year was used for this evaluation year. This allowed the evaluation of the same areas using the same methodology to determine if the problems from the previous year had been corrected.

During the ongoing evaluation process conducted during the first nine months of this evaluation period, it was determined that little progress was being made by the Tribe in resolving the deficiencies. Through consultation with Tribal officials, the Tribe requested that OSM provide technical assistance by providing a program specialist to directly manage the program for the remainder of the evaluation period. The purpose of the technical assistance was to allow the Director of the program to obtain on-the-job (OJT) management training by observing the management activities of the OSM employee. This effort required a significant dedication of OSM resources to provide on-site management of the program. Progress was made during this period in developing a more efficient and effective program. However, because of the magnitude of the deficiencies that existed, some deficiencies remained at the end of the evaluation period. It was agreed that at the end of the evaluation period, the level of technical support provide by OSM would return to their previous level. This decreased level of technical assistance would allow OSM and the Tribe to evaluated the effectiveness of the OJT management training provided during the last three months of the

evaluation period.

As a result of the enhancement and performance reviews conducted for this evaluation period, it was again determined that the overall reclamation success of the projects reclaimed was very satisfactory. The planned reclamation goals for all of the sites have been achieved with the exception of minor maintenance work such as final weed control and incidents of sparse vegetation.

Unresolved deficiencies that existed at the end of the evaluation period relate to the administrative and financial activities of the program. The CFO found that the COR continues to have significant problems in the areas of controlling funds, maintenance of project inventory, and records management. These deficiencies did not affect the overall reclamation success of the projects undertaken during the year. The deficiencies did, however, result in (1) the Tribe inappropriately holding excess Federal funds in violation of US Treasury requirements, (2) untimely financial and performance reports to OSM, (3) an inaccurate record of program accomplishments, (4) inaccurate property records, and (5) an inability to produce project documentation such as proof that Rights-of-Entry had been obtained and that other pre-construction requirements of the program had been achieved prior to proceeding with construction. The deficiencies noted in this evaluation year appear to be less severe than those noted in the previous evaluation year. However, due to the impacts of remaining deficiencies, OSM continues to considers these remaining deficiencies to be major, requiring immediate correction.

The foregoing weaknesses were also identified in the previous evaluation year. It was determined at that time that the deficiencies were a result of a lack of management within the program. As noted previously, OSM provided OJT management training for the Director of the Tribe's AML Program. If the OJT program were effective, the remaining deficiencies should be resolved in the upcoming year. OSM and the Tribe will design a Performance Agreement for the next evaluation year in a manner that assures that remaining deficiencies are corrected by the Tribe.

Part II. Noteworthy Accomplishments

Due to the joint efforts of the Tribe and OSM, construction was completed on the first Ceded Area site during this evaluation year. This was a major accomplishment because it involves the largest AML site in the Ceded Area and access was required from a well respected rancher in the area. Previous attempts during the past eight years to obtain access to sites on the Ceded Area had failed. Successful reclamation of this site led to access to two additional sites involving other landowners. It is anticipated that access to additional sites will be forthcoming as landowners gain respect for the Program. This access allows the Tribe to expend some of the Federal share funds which will allow them to expand their program and employ additional workers for a longer period of time. Therefore, this access will not only result in additional mine reclamation but will also have a significant contribution to the

economy of the reservation.

The Tribe also upgraded their AML Program computer system during the evaluation period. The upgrade consisted of the purchase of state-of-art computers and software. The upgrade allowed networking of all computers in the AML Program, provided Internet and E-Mail capabilities, and improved access to OSM's project inventory and financial systems. The upgrades have permitted the Tribe to improve significantly the effectiveness and efficiency of the AML program.

Part III. Results of Enhancement and Performance Reviews

Three principles were agreed to in the Performance Agreement for the 1996 evaluation period. Because of the weaknesses identified in the 1996 evaluation year, the same principles were incorporated in the Performance Agreement for the 1997 evaluation year. Those principles 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 such systems are working. Specific areas of interest within the first three principles were reviewed. The specific areas of interest for the first principle were maintenance of the approved Reclamation Plan, project inventory maintenance and right-of-entry. 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-128 audits and implementation of audit recommendations, and adequacy of procurement and management of property and services.

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

Part IV. Accomplishments and Inventory Reports

Prior to the effective date of SMCRA, coal mining on the Crow reservation resulted in subsidence, vertical openings, portals, highwalls and impoundments. Three deaths and six injuries are known to have occurred in association with abandoned mines. No deaths or injuries have occurred in recent years.

During this evaluation year the Crow Tribe completed reclamation on four coal projects. Three of the projects were high priority projects consisting of mine openings, polluted water and dangerous highwalls. The fourth project contained lower priority threats to the environment. Approximately twenty nine acres were reclaimed. Construction efforts began

on one additional low priority coal project but it was not complete by the end of the evaluation year.

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 which remain to be reclaimed. The reclamation accomplishments reflected in the 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	.2	_	_	0.2	_	_
Clogged stream lands	Acres	_	_	_	0.0	_	_
Dangerous highwalls	Lin. Feet	200	200	520	920.0	_	350
Dangerous impoundments	Count	_	_	1	1.0	_	_
Dangerous piles & embankments	Acres	2.4	12	12.5	26.9	_	4.3
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	_	2.0	_	_
Industrial/residential waste	Acres	_	_	_	0.0	_	_
Portals	Count	6	3	6	15.0	_	4
Polluted water: agric. & indust.	Count	1	1	_	2.0	_	_
Polluted water: human consumption	Count	_	_	_	0.0	_	_
Subsidence	Acres	7	_	_	7.0	_	_
Surface burning	Acres	_	_	_	0.0	_	_
Vertical opening	Count	1	1	3	5.0	_	_
Priority 3 (Environmental restoration)							
Spoil areas	Acres	16	_	22.8	38.8	_	3
Benches	Acres	_	3	6	9.0	_	_
Pits	Acres	6	6	9	21.0	_	4
Gob piles	Acres	11	4	27.6	42.6	_	_
Slurry ponds	Acres	_	_	.1	0.1	_	_
Haul roads	Acres	8	_	13	21.0	_	_
Mine openings	Count	1	1	2	4.0	_	_
Slumps	Acres	2	2.1	3.6	7.7	_	_
Highwalls	Lin. Feet	34	450	1980	2,464.0	_	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 REPORTS

CROW TRIBE OF INDIANS AML PROGRAM
ENHANCEMENT AND PERFORMANCE REVIEW REPORT
EVALUATION YEAR 1997

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: Maintenance of Approved Reclamation Plan

Review Dates: Continuous

Personnel: Hugh White Clay (COR) and Orvel Gustafson (CFO)

Background: AML Reclamation Plans must be amended to comply with changing requirements of SMCRA.

Review Methodology: The Tribal program was continually monitored to assure that any new changes to SMCRA are not implemented without the necessary changes to the program.

Population / Sample: The population and sample size consisted of all potential AML Plan changes.

Findings and Conclusions: The Tribe made no changes to reclamation and related activities during the evaluation period that would require amendments to the Tribe's AML Reclamation Plan.

Corrective Actions: No corrective action is necessary.

CROW TRIBE OF INDIANS AML PROGRAM
ENHANCEMENT AND PERFORMANCE REVIEW REPORT
EVALUATION YEAR 1997

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 (Final Evaluation Conducted September 10. 1997)

Personnel: Hugh White Clay Crow (COR), Wayne Turnsplenty (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. AMLIS is also used in determining funding levels for minimum programs. States/Tribes are responsible for maintaining a current inventory of AML projects. This is to be accomplished by the States/Tribes updating the inventory through direct automated access to AMLIS. The review conducted during the last evaluation period (1996) revealed that the Tribe's inventory of projects was incomplete and inaccurate. Thus this topic was again chosen for review during this evaluation period.

Review Methodology: The Tribe's process for maintaining a complete, current, prioritized inventory of eligible unreclaimed sites was reviewed for consistency with the Reclamation Plan. The procedures where tested through a review of the Tribe's internal inventory maintenance activities concerning the sampled sites. The review measured their 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, OSM's knowledge of the sites obtained during site visits and ongoing communications with Program personnel.

Population / Sample: The population consisted of all reclaimed sites and all sites identified for reclamation in the future. The sample consisted of the entire population. The population/sample consisted of forty three sites. Thirteen of the sites were Priority 1 & 2 coal sites. The remaining sites (thirty sites) were high Priority non-coal and Priority 3 coal sites.

Findings and Conclusions:
The inventory appeared to be accurate for the high priority coal sites. This is an

improvement over the last evaluation year when the inventory for virtually all of the sites was inaccurate. Data entry errors concerning the non-coal and Priority 3 sites continue to be a problem. Errors included duplicate and erroneous problem area numbers, inaccurate problem types, and inaccurate or missing cost data. As a result of these deficiencies, the Tribe's inventory contained in AMLIS is inaccurate and incomplete and can not be relied upon to determine the reclamation accomplishment of their program. This is in direct contradiction with the principle being measured and must be corrected. CFO will provide assistance to the Tribe based on a corrective action plan to be developed by the Tribe.

Corrective Actions: The Tribe has been directed to finish correcting the inventory during the upcoming evaluation year. The CFO will monitor this activity again in the upcoming evaluation year to assure that all deficiencies are corrected.

CROW TRIBE OF INDIANS AML PROGRAM
ENHANCEMENT AND PERFORMANCE REVIEW REPORT
EVALUATION YEAR 1997

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: Rights-of Entry (ROE)

Review Dates: Continuous (Final Evaluation Conducted September 10, 1997)

Personnel: Hugh White Clay (COR), Wayne Turnsplenty (Crow COR) , and Orvel Gustafson (CFO)

Background: ROE must be obtained before entry onto AML sites is attempted for investigative or reclamation purposes. Problems have been encountered by the Tribe in obtaining access to private land for reclamation purposes. Because of the sensitivity of access to private lands this topic was selected for review to ensure that the Tribe is not proceeding with reclamation without receiving the appropriate ROE.

Review Methodology: Tribal project files were reviewed for written evidence that right-of-entry was obtained before entry onto private land was attempted for investigative or reclamation purposes.

Population / Sample: The population consisted of all reclamation projects completed during the last five evaluation years. The sample consisted of the four reclamation projects for which ROE's could not be located in the files during last years evaluation.

Findings and Conclusions: The four projects selected in the sample were the Shaw, Goyen, Coal Creek, and Davis Mines. The COR could not locate the project files for the Shaw Mine and there was no ROE in the Goyen Mine file. ROE's were in the files for the Coal Creek and the Davis Mines.

After last year's (1996) evaluation, the CFO instructed COR personnel to reconstruct all project files by obtaining all missing documents to include signed ROE's. COR personnel did organize the project files during the 1997 evaluation year and determined which documents were missing from the files. A significant number of documents, including ROE's, were missing.

Corrective Actions: The Tribe has made progress in organizing the project files but must now obtain all missing documentation and improve their maintenance of project files.

CROW TRIBE OF INDIANS AML PROGRAM
ENHANCEMENT AND PERFORMANCE REVIEW REPORT
EVALUATION YEAR 1997

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

Subelement: Overall Reclamation Success

Review Dates: Continuous (Final Evaluation Conducted September 10, 1997)

Personnel: Hugh White Clay Crow (COR), Johnny Stewart (COR), and Orvel Gustafson (CFO)

Background: The Tribe contracts its design activities to a private consulting firm. AML sites are to be reclaimed to the design specifications. The objective of oversight is to determine if the reclamation projects have achieved their goal, as defined in preconstruction specifications. This is defined as "overall reclamation success".

Review Methodology: The evaluation of the overall reclamation success consisted of site inspections of the sample of completed projects to determine if the Tribe's reclamation objectives were met. A review of the Tribe's internal project documentation and the National Environmental Policy Act documentation was reviewed prior to each site visit to determine the reclamation objectives for the project.

Population / Sample: The population consisted of all reclamation projects completed during the last five evaluation years. The sample consisted of one reclamation project completed during the evaluation year. This was the largest project completed during the evaluation year and required six months to complete.

Findings and Conclusions: In general overall reclamation success achieved by the Tribe was very good. The sample consisted of both underground and small surface mines. Reclamation objectives had been achieved on the sampled site with the exception of insufficient vegetation in a few small areas.

Corrective Actions: The Tribe will perform remedial action on the few small areas of the sampled site to establish acceptable vegetation.

CROW TRIBE OF INDIANS AML PROGRAM
ENHANCEMENT AND PERFORMANCE REVIEW REPORT
EVALUATION YEAR 1997

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: Drawdown and Disbursement

Review Dates: September 9-10, 1997

Personnel: Phylene Big Man (COR), and Neal Jacquot (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 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. OSM reviewed the Tribe's procedures for drawdowns and disbursements in previous evaluation period (1996) and determined that it is administratively feasible for the Tribe to disburse funds within 3 days after drawdown. The review was conducted to comply with the US Treasury requirement that granting agencies review the grantees drawdown activities on a quarterly basis to assure that drawdowns are timely and that no excess funds are being held by the grantee.

Review Methodology: The analysis consisted of a review of month-end bank account reconciliations to determine the book/bank balances as of the last day of the month. These reconciled balances should equal $0 if no excess funds are being held unless a drawdown had occurred within 3 days prior to the end of the month.

Population / Sample: The population consisted of all month end bank balance reconciliations from October 1, 1996 through May 31, 1997. The sample consisted of the entire population.

Findings and Conclusions: Balances (excess funds) existed in the checking account at the end of each month reviewed. Balances ranged from approximately $27,000 to $83,000. An attempt was made to determine the cause of the excess balances. The review revealed that there was a lack of controls to assure that drawdowns were ultimately reconciled with actual disbursements. This resulted in excess balances carried forward from month to month plus changes in the balances due to errors occurring during the current months. The CFO

concluded that excess balances were being held by the Tribe in violation of U.S. Treasury requirements.

Corrective Actions: The Tribe was instructed to immediately reduce future drawdowns until the excess balances are eliminated. The Tribe was also instructed to identify the cause of the excess balances and implement controls to prevent the accumulation of excess funds in the future.

CROW TRIBE OF INDIANS AML PROGRAM
ENHANCEMENT AND PERFORMANCE REVIEW REPORT
EVALUATION YEAR 1997

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: Accounting Procedures

Review Dates: September 9-10, 1997

Personnel: Laura Pretty Weasel (COR), Veronica Pretty On Top (COR), Elizabeth Other Medicine (COR), and Neal Jacquot (CFO)

Background: Grant recipients are required to account for all program income and expenditures, using generally accepted accounting practices. The Tribe's AML program does not generate program income. Expenditures are a result of payroll, travel, and accounts payable transactions. The COR pays payroll biweekly. The greatest amount of payroll activity occurs during the construction season. Travel occurs primarily for training and meetings with OSM. Some procurement actions require travel. Accounts payable mainly result from the COR's procurement of rent, supplies, vehicles and gas related services, and utility services. In almost all instances payment of these account payables is conducted on a monthly basis. Due to the risk associated with a potential lack of internal controls necessary for these activities the associated accounting procedures where selected for review.

Review Methodology: The CFO reviewed all policies and procedures relating to payroll, accounts payable and travel and tested transactions to ensure that the Tribal policies and procedures were being implemented.

Population / Sample: The population consists of all payroll, travel and accounts payable transactions occurring during EY97. The only payroll area that was determined to be weak in 1996 was leave accounting. Therefore the payroll sample this evaluation year was limited to the review of one employee's leave records to determine if the weakness had been corrected in this evaluation year. Virtually all of the travel involved the use of privately owned vehicles (POV's). Therefore, the travel review sample involved all trips where POV's were used. The accounts payable sample consisted of all purchase orders executed from October 1, 1996 through September 8, 1997.

Findings and Conclusions: The COR's computer data base record of annual and sick leave did not agree with the manual record of leave. The dual system is resulting in a

duplication of effort and uncertainty as to which record is correct.

It is the Tribe's policy to use Federal Travel Regulations when calculating travel expenses. A review of the sampled travel vouchers revealed that the AML program had not implemented the last revision to the Federal Travel Regulations. A further review revealed that the Tribe was also using the outdated regulations. This error resulted in the wrong calculation of allowable quarter days. The CFO also found that the Tribe was allowing employee personal vehicle mileage compensation for work related local travel, without documenting why a program vehicle was not used. It is the program's policy that a program vehicle will be used when available. In the cases where the circumstances could be reconstructed, use of the POV was justified. Some instances could not be reconstructed because of the lack of justification documentation.

One of the accounts payable weaknesses identified during the EY 96 evaluation consisted of a lack of control of purchase orders and the accounting effort required to implement payroll deductions associated with the use of the program telephones to place long distance personal calls. Both weaknesses continued in EY 97. COR's purchase order file was not up to date. Purchase orders were either missing, unkept, or were not in sequential order. The COR is assigning purchase order numbers but is not preparing the purchase order until an invoice is received. No system is in place to assure that the original purchase order number is used when the purchase order is issued. Thus, a second number is assigned without the first number being used resulting in a lack of control and insequential numbering of purchase orders.

It was also noted during the EY 96 evaluation, the AML program, based on Tribal policy, allows employee personal long distance calls to be charged to the AML program. Payroll deductions are used to reimburse the program for these costs. Even though the practice results in the use of program time (for both usage and payroll deduction efforts) the CFO, because of Tribal policy, agreed to allow the practice as long as it was reasonable. A review was conducted in EY 97 to assure that the telephone usage for personal reasons was reasonable. Payroll deductions for personal long distance telephone calls for all administrative personnel were reviewed for the period December 1996 through August 1997. Personal usage did not appear to be unreasonable with the exception of usage by the AML Director. This employee spent 8 percent of his available work hours during the nine month period conducting personal long distance telephone calls. The CFO considers this to be unreasonable usage requiring corrective action.

Corrective Actions: The Tribe must (1) reconcile leave balances and operate using a single leave accounting system, (2) document the reasons for usage of POV on a case by case basis, (3) begin utilizing the current Federal Travel Regulations when calculating travel costs, (4) implement adequate controls over the issuance and maintenance of purchase orders, and (5) assure that the use of program time for personal use is held to a reasonable level.

CROW TRIBE OF INDIANS AML PROGRAM
ENHANCEMENT AND PERFORMANCE REVIEW REPORT
EVALUATION YEAR 1997

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: Timeliness of Applications and Reports

Review Dates: Continuous

Personnel: Hugh White Clay (COR), Phylene Big Man (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 pre-established timeframes. Grant/amendments applications are required sixty days before the requested effective date of the action, 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 will result in continuous program operations and timely and accurate recordation of accomplishments and financial data relating to the Tribal AML Program.

In past evaluation periods, the Tribe has not met the established timeframes for grant action applications, financial and performance reports and requests for Authorizations to Proceed with projects. During these periods, the Tribe's delinquencies have resulted in untimely and inaccurate recording of the Tribe's financial and performance data. In past evaluation periods CFO was able to expedite the processing of necessary actions to avoid most shutdowns of the program due to a lack of funding. This has been a continuing problem which has not only been noted through CFO oversight but has also been noted in past A-128 audits.

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/amendments applications, requests for Authorizations to Proceed, and reports required during EY96. The sample

included the entire population.

Findings and Conclusions: The Tribe was delinquent in submitting closeout reports for their FY95 and FY96 grants. The Tribe was unable to close out the grants because of the drawdown problems described in the Enhancement and Performance Review Report for Drawdowns (see Page A-7). These problems impacted the amount of expenditures relating to the grants and therefore the amount of expenditures could not be determined until after the drawdown problems had been corrected. Correction of the drawdown weaknesses will allow the Tribe to accurately determine expenditures for each grant so the reports can be submitted to OSM.

Corrective Actions: After the drawdown problems have been corrected, the Tribe must immediately provide OSM with the closeout reports for the FY 95 and FY 96.

CROW TRIBE OF INDIANS AML PROGRAM
ENHANCEMENT AND PERFORMANCE REVIEW REPORT
EVALUATION YEAR 1997

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: Audits and Implementation of Audit Recommendations

Review Dates: Continuous

Personnel: Hugh White Clay (COR), Phylene Big Man (COR), and Orvel Gustafson (CFO)

Background: The Tribe is subject to an annual A-128 audit. OSM is responsible to resolve any findings in the audits that pertain to OSM programs. To assure that all findings are promptly resolved, OSM continuously reviews the A-128 process and resolves findings as they develop. All findings resulting from audits conducted in past evaluation years have been resolved.

Review Methodology: The Tribe self reported the ongoing status of the completed A-128 Audit for the timeframe 10/01/95 and 09/30/96. At completion of the audit, the Tribe provides the CFO with a copy of the report and the status of the resolution of findings contained in the report. The Tribe also informs CFO of the status of the upcoming A-128 Audit by 09/30/97. The Tribe's performance in this area was based on information provided by the Tribe and the contents of the audit report.

Population / Sample: The population consisted of all of the findings in the A-128 Audit completed for the period of October 1, 1995 through September 30, 1996. The sample was equal to the population.

Findings and Conclusions: The A-128 audit for the period ending September 30, 1995 contained a finding concerning the Tribe's AML program. The finding related to the late filing of financial reports for the AML Program as well as all other programs. OSM has identified the delinquent closeout reports that must be submitted by the Tribe.

Corrective Actions: The Tribe must submit the delinquent closeout reports as required in Enhancement and Performance Review Report for Timeliness of Applications and Reports (see Page A-12).

CROW TRIBE OF INDIANS AML PROGRAM
ENHANCEMENT AND PERFORMANCE REVIEW REPORT
EVALUATION YEAR 1997

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: Procurement and Management of Property and Services

Review Dates: September 9-10, 1997

Personnel: Elizabeth Other Medicine (COR) and Neal Jacquot (CFO)

Background: The COR must conduct procurement actions in accordance with Tribal procedures and manage and dispose of program property in accordance with Tribal procedures while complying with OSM's minimum requirements. Since these areas are high risk areas due to the high level of internal controls required, it is selected for review in every evaluation period. Weaknesses in inventory control which had been noted during the previous evaluation period led to a continued review of the property control process.

Review Methodology: Procurement: The evaluation conducted during the EY 96 revealed that the COR had awarded work under an expired contract with a design engineering firm. Therefore, the review methodology was limited to a review of ongoing contracts to assure that they had not expired.

Management of Property and Services: The control of vehicle usage was determine through a review of vehicle logs. The review methodology used to determine the overall control of property consisted of (1) a comparison property purchase through purchase orders with the property records and (2) a confirmation of property contained on the property through a physical inventory of sampled items. This included a check of the property for inventory tags. 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 procurement population consisted of all ongoing contracts. The property review population consisted of all vehicle and all grant purchased property. The procurement sample consisted of two major ongoing contracts. The property sample consisted of all vehicles, ten recently purchased items of property and seventy six items selected from the property list.

Findings and Conclusions: Procurement: Internal Control weaknesses were noted involving the control of purchase orders resulting from a lack of control when assigning

purchase order numbers and when approving invoices for payment. See the Enhancement and Performance Review Report for Accounting Procedures (Page A-9). It was also determined that the Tribe was again incurring expenditures under an expired contract with their design contractor. The contract had expired on April 15, 1997.

Management of Property and Services: The Tribe had recently established vehicle logs to control the usage of vehicles and to establish controls for fuel and maintenance costs. It was apparent from the review that employees responsible for maintaining the logs were uncertain of the information and format for reports and the timing established for submitting the data to the program administrative staff. Without accurate record of vehicle usage, the Tribe is unable to determine the appropriate use of the vehicles and verify the accuracy of fuel and maintenance costs.

The review of the property records revealed that they did not coincide with the physical inventory. There was, however, a vast improvement from the last (1996) evaluation year. Discrepancies resulted from property recently purchased or disposed of. A property report must be submitted reflecting the grant property in existence at the end of the performance period for each grant when it is closed. Since two expired grants had not been closed the property records had intentionally not been updated for property purchased and disposed of since the end of the performance periods. The longer the property records remain incomplete the greater the potential for Tribe to lose control of the property.

Corrective Actions: The Tribe must (1) negotiate a current contract with their design contractor prior to the contractor providing any addition work, (2) provided adequate instruction to personnel responsible for maintaining vehicle logs, (3) immediately generate property reports for the closeout of expired grants and update property record to include all grant purchased property.