



## Indian Affairs - Office of Public Affairs

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The Crow Tribe of Montana, which received \$11.6 million in federal and state contracts and earned \$10.9 million from mineral and grazing leases and interest during fiscal years 1980 and 1981, was in a state of technical insolvency as of September 30, 1981, according to Department of the Interior Inspector General Richard Mulberry.

A review recently completed by the Office of Inspector General shows that the Tribe had current liabilities of over \$1.8 million, as well as long term debt of about \$6 million, and had no ready means for the liquidation of the current liabilities and long term debt servicing costs. This situation occurred, according to Mulberry, because the Tribe used whatever cash it had on hand to meet payrolls and other expenses regardless of the original purpose of the funds. For example:

- The Tribe owed \$455,000 to the Internal Revenue Service, of which the majority represents funds withheld from salaries for income tax and social security.
- The Tribe owed \$527,000 to various federal agencies for excess advances or letter of credit drawdowns under contracts that have been completed, cancelled or suspended.

To avoid such problems and provide the basis for sound financial and administrative management, the Tribe, the review shows, has spent about \$1 million of federal funds since 1976 for the design and implementation of a management information and accounting system.

The basic controls in the accounting system were not utilized, however, and at times were even ignored or circumvented, Mulberry said. Furthermore, he said, the system was not maintained in a timely and accurate manner. The net effect was that a \$1 million management information system was ignored or not maintained in a manner that enabled it to be relied upon for management controls and accurate and timely financial data.

The Tribe's management of the various federal programs has also been inept, Mulberry said. Several programs have been suspended or cancelled because of the program's condition and the lack of progress or failure to adhere to contract requirements.

While it is difficult to pinpoint the causes of the Tribe's problems, Mulberry said, they are due in part to the competence and experience of supervisory personnel and the degree of supervision and training provided by these supervisors. Further, the Tribe's unusual constitution and political processes are cumbersome and contribute to the problems uncovered on the Reservation.

Upon completion of the initial survey work, Mulberry said, the BIA was advised that because of the Tribe's adverse financial condition and programmatic and financial management problems, it would need some type of federal stewardship or control over finances and programs. BIA appointed a federal manager in November 1981. After determining the full extent of the problem, Mulberry further recommended that BIA arrange for the federal manager to control all Tribal and federal funds, develop a plan for the payment of liabilities, provide for the proper maintenance of the financial management system and establish methods to improve program accomplishment.

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