

GAO

Report to the Chairman, Committee on  
Interior and Insular Affairs, House of  
Representatives

May 1991

# INDIAN PROGRAMS

## Lack of Internal Control at Two Special Law Enforcement Units



---

---

**Resources, Community, and  
Economic Development Division**

B-242272

May 15, 1991

The Honorable George Miller  
Chairman, Committee on Interior  
and Insular Affairs  
House of Representatives

Dear Mr. Chairman:

In a May 23, 1990, letter from the former Chairman of your Committee and in subsequent meetings with your office, we were asked to review the operations of two Bureau of Indian Affairs (BIA) Division of Law Enforcement Services units—the Marijuana Eradication and Reconnaissance Team (MERT) in Klamath Falls, Oregon, and the Special Investigations Unit (SIU) in Albuquerque, New Mexico. More specifically, we were asked to review BIA's management of (1) a confidential fund used to pay informants, (2) overtime pay, (3) travel advances, and (4) sensitive equipment. This report presents the results of our review of these matters.

---

**Results in Brief**

BIA did not comply with federal requirements regarding controls over appropriated funds and did not follow a number of procedures for managing confidential funds, overtime pay, the issuance of travel advances, and the control of sensitive equipment. More specifically, BIA transferred funds to private bank accounts—a practice that is generally prohibited by federal law—and did not return unobligated funds to the Treasury at the end of each fiscal year. Further, BIA did not adequately account for and control the disbursement of these funds from the bank accounts for SIU operations. In addition, BIA did not comply with Department of the Interior regulations requiring periodic reviews of administratively uncontrollable overtime paid to MERT and SIU employees. BIA also issued excessive travel advances to SIU investigators and did not adjust or liquidate the advances as regulations require. Finally, BIA did not properly control sensitive equipment, such as weapons and surveillance devices.

On the basis of our findings, we believe that MERT and SIU are vulnerable to fraud, waste, and abuse and that internal controls over these units should be strengthened. BIA concurred with our findings and recommendations and has taken or is taking corrective actions.

---

## Background

BIA is one of the Department of the Interior's bureaus. Within BIA, the Division of Law Enforcement Services is responsible for special investigations of violations of federal criminal statutes on Indian reservations. Two components of the Division's headquarters law enforcement operations, MERT and SIU, were established in 1987 partially in response to the Indian Alcohol and Substance Abuse Prevention and Treatment Act of 1986.

MERT's objectives are to search for and eradicate marijuana and to provide training on its eradication methods to BIA police officers and to other federal, state, and local law enforcement personnel. SIU investigates suspected narcotics law violations and child abuse. MERT's budget has been around \$1 million annually; SIU's has been about \$500,000 annually.

In its eradication efforts, MERT hires temporary employees to work under the direction of a Commander, a permanent employee who is a criminal investigator. SIU employs criminal investigators, supervised by an Assistant Chief. In 1990, MERT had three criminal investigators and six police officers; SIU had five undercover drug investigators and two child abuse investigators.

---

## BIA Made Prohibited Fund Transfers to Bank Accounts and Did Not Return Annual Unobligated Amounts to the Treasury

Under 31 U.S.C. 3302, appropriated funds may not be transferred to bank accounts unless transfers are specifically authorized in another law. From fiscal year 1986 through fiscal year 1990, BIA deposited appropriated funds totaling about \$308,000 into private bank accounts for use as confidential funds to purchase information and/or evidence as part of criminal investigative work.

BIA annually deposited funds into a private, interest-bearing bank account in Washington, D.C. BIA then transferred funds from the Washington account to other noninterest-bearing SIU bank accounts in field locations, which had been established in the names of criminal investigators who controlled the accounts, acting as fund custodians.

Officials from BIA and from Interior's Office of the Solicitor could not identify specific legal authority for BIA's transfers of appropriated funds to bank accounts. We are aware of no such authority. Other federal agencies, including the Drug Enforcement Administration, manage their confidential funds using agency-run cash accounts (imprest funds) with stringent procedures to ensure internal control.

The funds deposited in the BIA bank accounts were appropriations whose unobligated balances were to be returned to the Treasury after the end of the fiscal year. Because BIA officials assumed that the funds were obligated upon transfer to the bank account, they did not return account balances to the Treasury at the end of each fiscal year. For fiscal years 1986 through 1990, BIA did not return to the Treasury about \$170,000 in unobligated funds and interest earned.

In its comments on a draft of this report, BIA stated that it had closed the bank accounts. Further, BIA stated that it is returning about \$70,000 in the Washington account to the Treasury and would determine and return the remaining unobligated balances to the Treasury at a later date.

## BIA Did Not Follow Procedures for Managing Confidential Funds

For managing confidential funds, BIA is subject both to its own written procedures established in 1986 and to the Comptroller General's Standards for Internal Controls in the Federal Government.<sup>1</sup> Our review disclosed that BIA neither consistently followed its own written procedures for managing confidential funds nor complied with internal control standards for (1) separating duties and responsibilities and (2) supervising the management of its confidential funds.

BIA's written procedures call for completely documenting all confidential fund transactions, including specifying the purpose and benefits to be obtained from payments. These procedures also require monthly reconciliations and independent yearly audits of the accounts. BIA, however, did not follow these requirements. For example, although BIA's documentation of fund transfers from the Washington account and withdrawals from BIA's Albuquerque, New Mexico, bank account during fiscal years 1989 and 1990 established a record of transactions, it did not specify the purpose or benefits to be obtained from the expenditure of these funds. In addition, the bank accounts were not reconciled every month, and no yearly audits were performed after the accounts were opened.

BIA did not comply with internal control standards requiring the separation of key duties and responsibilities, such as authorizing and approving fund transactions, and it did not adequately supervise

<sup>1</sup> This document contains the Comptroller General's internal control standards for executive agencies, which the Federal Managers' Financial Integrity Act of 1982 (31 U.S.C. 3512(b)) requires executive agencies to follow.

account custodians. To reduce the risk of waste or wrongful acts, no one individual should control all key aspects of a transaction. However, for each of two separate bank accounts maintained for the use of SIU investigators, the fund custodian was able independently to request confidential funds, approve their use, transfer funds between accounts, and make withdrawals. Over a 5-month period, for example, one custodian requested, authorized, and withdrew, on 20 separate occasions, funds totaling about \$12,000, which, according to the custodian's records, were provided to a single informant. In addition, one account had an automatic teller machine card that was used on 17 occasions over a 10-month period to withdraw amounts totaling almost \$3,000. We found no evidence of supervisory oversight or involvement in any of these transactions.

In September 1990, shortly after we had begun our review, Interior's Office of the Inspector General initiated a criminal investigation into the use of confidential funds at SIU. This investigation was ongoing as of April 1991.

In its comments on a draft of this report, BIA stated that it is drafting new guidelines for managing confidential funds, which it will issue in conjunction with training of personnel.

---

## BIA Did Not Routinely Review Overtime Pay Determinations

BIA's management of overtime pay determinations for SIU and MERT investigators did not comply with Interior regulations or BIA requirements. More specifically, BIA paid SIU and MERT criminal investigators administratively uncontrollable overtime (AUO) pay without (1) performing required reviews to ensure that pay amounts were appropriate and (2) ensuring that investigators maintained proper records of overtime actually worked.

Criminal investigators throughout BIA are eligible to receive AUO pay on a continuing basis. AUO pay is provided when the demands on an employee's time are not predictable and overtime hours cannot be scheduled and approved in advance. The amount of AUO pay is to be based on the number of eligible overtime hours the employee has actually worked in the past. Eight criminal investigators (seven at SIU and one at MERT) have been receiving AUO pay at the maximum rate (25 percent of the basic pay of a GS-10 employee, or an annual total of \$6,565 in 1989 and \$6,802 in 1990). Five of these eight employees began receiving AUO pay in December 1988 and the other three between February and April 1990.

---

Interior's regulations specify that AUO pay reviews be performed at least every 6 months to determine whether the same circumstances exist. An appropriate AUO pay rate in the next period should be established on the basis of actual overtime hours worked during the period reviewed. When the review of overtime hours actually worked takes place, a determination is to be made that the overtime tasks or duties were uncontrollable overtime, rather than regular overtime, which can be scheduled and approved in advance.

In addition to Interior's regulations governing AUO pay, a memorandum issued in March 1989 by the Chief, BIA Division of Law Enforcement Services, states that all AUO hours worked should be related to investigative activities—not to administrative duties that can be scheduled in advance. Further, to ensure the maintenance of documentation for AUO pay, the memorandum specifically directs all criminal investigators to (1) document AUO hours worked, including the investigative case number and work accomplished, and (2) submit the documentation for bi-weekly supervisory review and approval. In addition, a copy of the documentation is to be kept with each investigator's official record of time worked.

During 1989 and 1990, BIA did not perform any of the required 6-month reviews of AUO pay for the eight investigators. Further, three investigators receiving AUO pay since December 1988 did not comply with the March 1989 requirements when preparing and submitting time and attendance records. Our review of time and attendance records showed that these three investigators had maintained no record of overtime hours actually worked from the time they began receiving AUO pay to June 1990.

In the summer of 1990, a newly assigned SIU Assistant Chief directed SIU investigators to reconstruct or clarify records reflecting overtime hours worked from January to June 1990. In November 1990, BIA's Albuquerque Area Office, in preparing to do the required 6-month reviews, requested documentation for overtime hours worked by the three criminal investigators most recently assigned to SIU. As of January 1991, the area office had received overtime documentation for all six SIU investigators employed at that time (one investigator had resigned in September 1990), but AUO pay reviews had not been completed. BIA had not requested any overtime documentation or initiated a review of the MERT investigator's AUO pay.

In its comments on a draft of this report, BIA stated that (1) AUO pay for criminal investigators has been stopped, (2) the BIA finance office has been directed to initiate an audit of overtime pay, and (3) action will be taken to recover any improper payment when the audit is completed.

## Longstanding and Excessive Travel Advances at SIU Remained Outstanding

BIA improperly authorized and managed travel advances provided to four SIU investigators. More specifically, the \$4,500 travel advances provided to each of these investigators in the first quarter of fiscal year 1989 were excessive, and the amounts were not reviewed and liquidated as required. Twice during the 1980s, Interior's Office of the Inspector General reported similar problems in BIA's management of travel advances.<sup>2</sup>

According to governmentwide regulations, travel advances provided to employees are not to exceed 80 percent of the minimum estimated expenses that the employee is expected to incur before reimbursement. Under BIA's regulations, the advances are to be limited to an amount required to cover expenses for a period of not more than 60 days. In addition, travel advances are to be reviewed when a new travel authorization is issued to an employee. Finally, travel advances are to be liquidated at the time the last travel voucher is submitted under the travel authorization; if travel expenses are less than the advance, the employee must repay the excess to liquidate the advance.

BIA repeatedly did not follow these requirements in administering travel advances for four SIU investigators. For fiscal years 1989 and 1990, BIA issued these four investigators a total of 32 separate quarterly travel authorizations in amounts ranging from \$3,000 to \$4,500. In the first quarter of fiscal year 1989, each of the four investigators received an initial travel advance of \$4,500; these advances have generally remained outstanding since that time.

When initially provided to the four investigators, the \$4,500 travel advances exceeded allowable amounts to be authorized in accordance with travel regulations because the advances represented 100 to 150 percent of the amount authorized for quarterly travel rather than 80 percent of the amount estimated for travel expenses for a 60-day period. BIA officials were unable to furnish any documentation to justify these

<sup>2</sup> Travel Management Within the Department of the Interior, U.S. Department of the Interior, Office of the Inspector General (Aug. 1988); Review of Travel Advances and Related Travel Matters, Bureau of Indian Affairs, U.S. Department of the Interior, Office of the Inspector General (Feb. 1983).

---

advance amounts. Furthermore, the amounts of these outstanding advances were not adjusted when subsequent quarterly travel authorizations were issued, and the advances were not liquidated quarterly as required by travel regulations. The actual quarterly travel expenses incurred by the four investigators over the 2 fiscal years were generally much lower than either the amounts initially advanced (\$4,500) or the amounts authorized by the quarterly travel authorizations (from \$3,000 to \$4,500). We also found that one of the four investigators resigned from BIA without liquidating an outstanding \$4,375 travel advance. Additional details are provided in appendix I.

The travel advance problems disclosed during our review mirror deficiencies that Interior's Office of the Inspector General has previously reported. The two Office of the Inspector General reports mentioned above noted deficiencies in the calculation of travel advance amounts, the review and liquidation of advances, and the recovery of excess funds formerly advanced to separating employees.

In its comments on a draft of this report, BIA stated that two of the investigators have liquidated their advances, another is repaying the advance through a payroll deduction, and the agency has initiated action to recover the advance from the fourth investigator, who resigned without repaying the advance. In addition, training has been scheduled for all supervisors.

---

## BIA Did Not Control Sensitive Equipment

BIA has not complied with Interior or BIA property management regulations in managing sensitive property.<sup>3</sup> Our work disclosed a lack of proper control over the receipt, day-to-day use, and inventory of sensitive equipment. Further, we noted weaknesses in BIA's written instructions and practices for safeguarding stored weapons.

Interior and BIA property management regulations establish responsibilities for personnel involved in receiving, managing, and accounting for sensitive property and specify the types of records to be maintained. Among other requirements, items are to be assigned a BIA identification number, listed in BIA's property accountability record upon receipt, signed for when checked out or transferred between locations, and accounted for in annual inventories.

---

<sup>3</sup> Interior's regulations define sensitive property as items that are controlled by detailed property accountability records and are determined to have a high probability of theft or misuse, or are susceptible to pilferage, theft, or misappropriation. Such items include weapons, cameras, and binoculars.

---

Additionally, Interior requires that electronic and mechanical equipment used to overhear, transmit, or record private communications be kept in storage when not in actual use. Such equipment generally must have advance written authorization for each use and must be accounted for at all times. Written records must document when an item is withdrawn for use, how it is to be used, and when it is returned. Interior also requires quarterly reports summarizing the results of any intercepted private communications and special annual inventory reports listing the equipment used.

To determine whether Interior and BIA property management regulations were being carried out, we judgmentally selected 83 items of sensitive equipment from BIA records of items purchased from fiscal year 1987 through fiscal year 1990. Equipment in our selection included guns, cameras, night vision equipment, radios, scopes, and undercover surveillance devices. Although able to account for 78 items purchased, BIA could not determine the physical location of 5 items—2 night vision systems, a camera, a video system, and a scope. Subsequently, in commenting on a draft of this report, BIA stated that it had located all but the camera.

Of the 83 items, 38, or 46 percent, did not have a BIA identification number; either a number had not been assigned or we could not determine whether a number had been assigned. Over one-half—or 42 items, including 6 surveillance devices that BIA had purchased in fiscal year 1990—were not listed in BIA property accountability records.

BIA's control over the six surveillance items included in our selection was seriously deficient. None of the six devices were included in BIA's property accountability records, and no written receipts indicated when the items were in someone's possession. For example, in May 1990 an SIU investigator accepted delivery of a \$21,800 miniaturized surveillance camera from the sales vendor. He told us that he took it to another state, used it in undercover work, and then left it in the custody of another BIA employee; during this time the item was not accounted for in the property system. Also, in June 1990 an investigator accepted delivery of two \$4,500 concealable recording devices. The investigator told us that he left one device with the vendor and then loaned the other to an employee of another federal agency. Following our inquiry, all three items were returned to SIU control.

For surveillance equipment in general, no check-in/check-out documentation, no special use authorizations, and no reports of actual use were

---

prepared at SIU. Further, no quarterly use reports were filed with Interior as required.

In reviewing BIA's control over weapons, we found that current Interior regulations do not include procedures for storing weapons. In 1986, however, Interior circulated a draft regulation for comment among its agencies proposing to keep unassigned weapons in locked containers in secure storage areas. BIA's property management regulations call for weapons to be kept secure and safe but do not specify what storage measures should be taken. Many weapons at SIU were stored in unlocked cabinets or cardboard boxes in an unsecured storage area, even though storage space was available in a more secure walk-in vault also used to store weapons. In contrast, MERT stores weapons in an electronically monitored, locked room.

Finally, BIA neither performed required annual inventories of property at MERT or SIU nor filed the required special inventory for surveillance equipment with Interior.

In commenting on a draft of this report, BIA indicated that (1) equipment is now securely stored and checked out by receipt on a case-by-case basis, (2) a property manager and alternate have been identified and scheduled for training, (3) directives are being drafted on departmental and other legal requirements on the use of sensitive equipment, and (4) training will be mandatory before sensitive equipment will be used.

---

## Conclusions

BIA has not effectively managed various aspects of its MERT and SIU law enforcement operations. As a result, serious deficiencies exist in internal controls over the accountability for, and use of, federal funds and property within these units. These deficiencies are characteristic of situations having a high degree of vulnerability to fraud, waste, and abuse and, therefore, warrant immediate corrective action. Further, other BIA law enforcement activities could be subject to similar problems.

---

## Recommendations

To comply with legal requirements and to ensure appropriate control over, and use of, confidential funds, we recommend that the Secretary of the Interior direct the Assistant Secretary for Indian Affairs to (1) close all existing private bank accounts where confidential funds are being maintained; (2) determine the unobligated balance of all confidential funds at the end of fiscal years 1986 through 1990, including interest earned, and return that balance to the Treasury; and (3) take

---

the necessary steps to ensure that BIA's management of confidential funds complies with Interior's current legal authority, BIA's procedures, and the Comptroller General's Standards for Internal Controls in the Federal Government. To continue use of confidential funds, BIA might establish an imprest fund.

To ensure proper payment of AUO to BIA's SIU and MERT criminal investigators, we recommend that the Secretary of the Interior direct the Assistant Secretary to (1) review the amount of AUO pay being provided and, for AUO pay previously provided, identify and take action to recover any improper payment, and (2) take the necessary steps to ensure that investigators maintain proper records of overtime worked.

To ensure proper authorization of quarterly travel for investigators and appropriate travel advances, we recommend that the Secretary of the Interior direct the Assistant Secretary to take immediate action to (1) liquidate outstanding travel advances provided to SIU investigators, (2) ensure compliance with federal travel regulations concerning travel advances, and (3) recover the outstanding travel advance from the SIU investigator who resigned from BIA employment.

To ensure effective management of, and control over, sensitive equipment at SIU and MERT, we recommend that the Secretary of the Interior direct the Assistant Secretary to (1) prepare a current and accurate reconciliation of sensitive equipment under SIU's and MERT's control and determine the physical location of the five items of sensitive equipment that could not be accounted for during our review, (2) take action to ensure compliance with departmental and BIA property management regulations regarding the physical control and storage of sensitive equipment, and (3) take action to ensure that SIU and MERT staff comply with departmental regulations regarding the use of, and physical control over, surveillance equipment.

Given the nature of the problems we found at SIU and MERT and their potential to occur elsewhere, we further recommend that the Secretary of the Interior direct the Assistant Secretary to review the confidential funds, travel advances, overtime pay, and controls over sensitive equipment at BIA's other law enforcement units to determine whether similar problems exist and, if so, to take corrective action.

---

## Agency Comments

In commenting on a draft of this report, Interior's Assistant Secretary for Indian Affairs agreed with our findings, conclusions, and recommendations and stated that actions had been and were being taken to fully address all issues raised in our report. While noting that BIA has no reason to believe that similar problems exist at other BIA units, the Assistant Secretary stated that BIA plans to (1) address the issues identified in our report with area directors and (2) instruct each of them to ensure compliance with policies and procedures. The Assistant Secretary also stated that a comprehensive response to our final report would be provided at a later date. The Assistant Secretary's comments are contained in appendix III.

---

Our review was performed from August through December 1990 in accordance with generally accepted government auditing standards. A discussion of our objectives, scope, and methodology is contained in appendix II.

We are sending copies of this report to the Secretary of the Interior, appropriate congressional committees, and other interested parties. This work was performed under the direction of James Duffus III, Director, Natural Resources Management Issues, (202) 275-7756. Other major contributors are listed in appendix IV.

Sincerely yours,



J. Dexter Peach  
Assistant Comptroller General

---

# Contents

---

Letter	1
Appendix I Travel Expenditures and Authorizations for Four Special Investigations Unit Investigators	14
Appendix II Objectives, Scope, and Methodology	18
Confidential Funds	18
Administratively Uncontrollable Overtime	19
Travel Advances	19
Equipment	19
Appendix III Comments From the Bureau of Indian Affairs	20
Appendix IV Major Contributors to This Report	23

---

---

**Figures**

Figure I.1: Quarterly Travel Advances, Authorizations, and Expenditures for Investigator 1	14
Figure I.2: Quarterly Travel Advances, Authorizations, and Expenditures for Investigator 2	15
Figure I.3: Quarterly Travel Advances, Authorizations, and Expenditures for Investigator 3	16
Figure I.4: Quarterly Travel Advances, Authorizations, and Expenditures for Investigator 4	17

---

**Abbreviations**

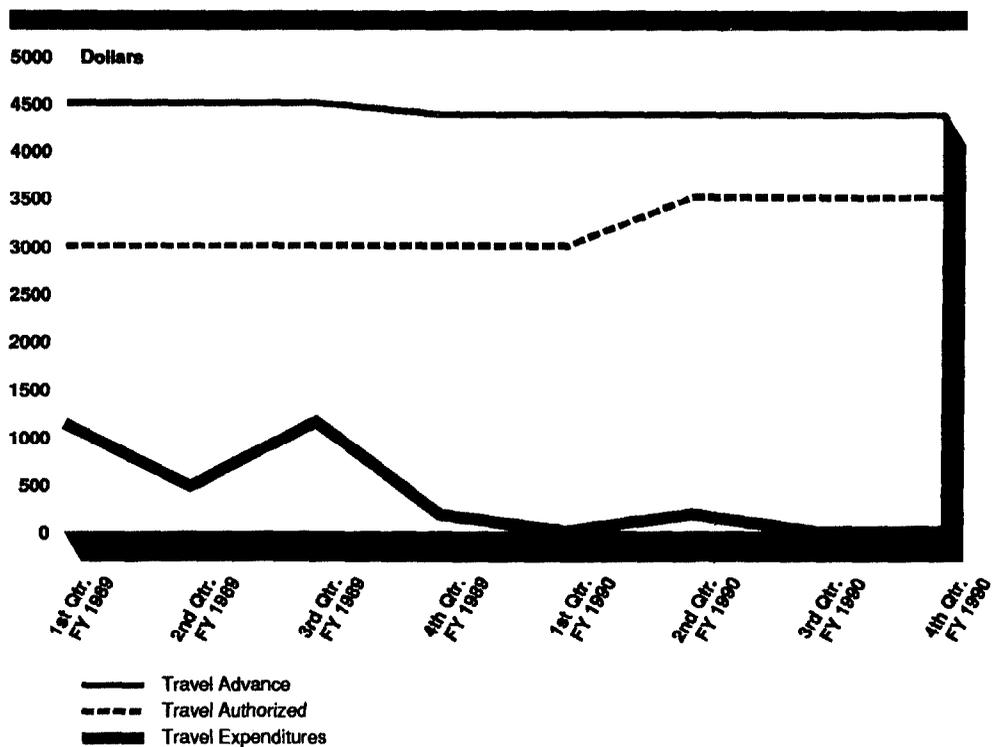
AUO	administratively uncontrollable overtime
BIA	Bureau of Indian Affairs
MERT	Marijuana Eradication and Reconnaissance Team
SIU	Special Investigation Unit

# Travel Expenditures and Authorizations for Four Special Investigations Unit Investigators

As part of our review of the appropriateness of the \$4,500 travel advances made available to four Special Investigations Unit (SIU) investigators, we compared these investigators' advances to their quarterly travel authorizations and actual quarterly travel expenditures. Figures I.1 through I.4 provide the results of this comparison.

As the figures clearly show, the travel advances provided to these investigators substantially exceeded the actual travel expenditures incurred by these investigators in nearly every quarter.

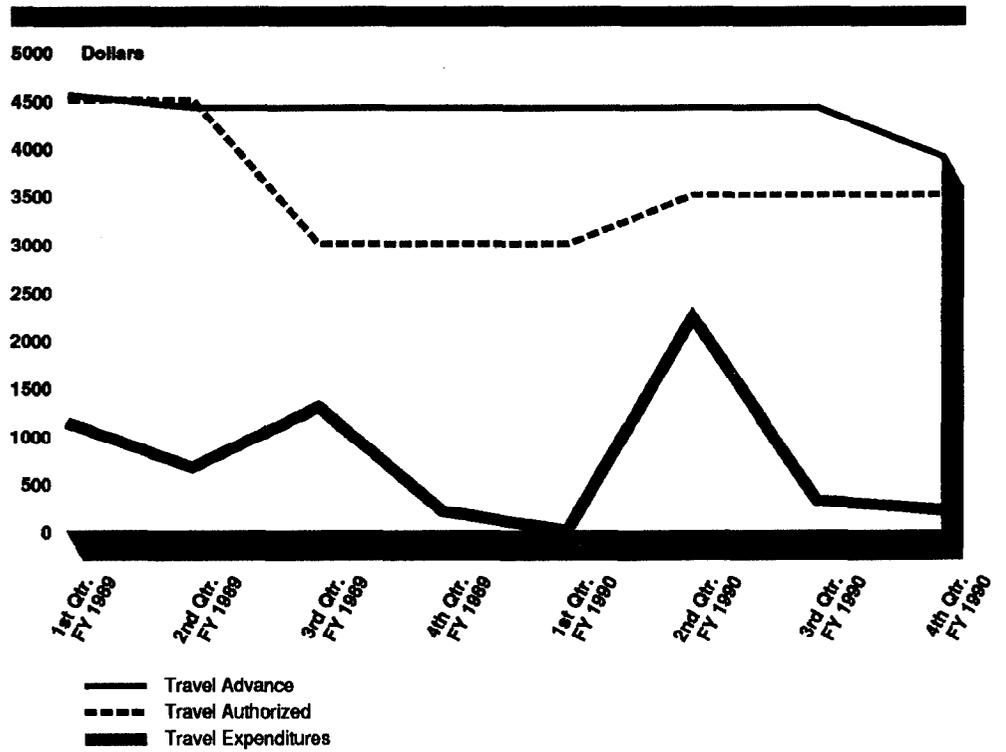
**Figure I.1: Quarterly Travel Advances, Authorizations, and Expenditures for Investigator 1**



Source: GAO presentation of BIA data.

**Appendix I**  
**Travel Expenditures and Authorizations for**  
**Four Special Investigations**  
**Unit Investigators**

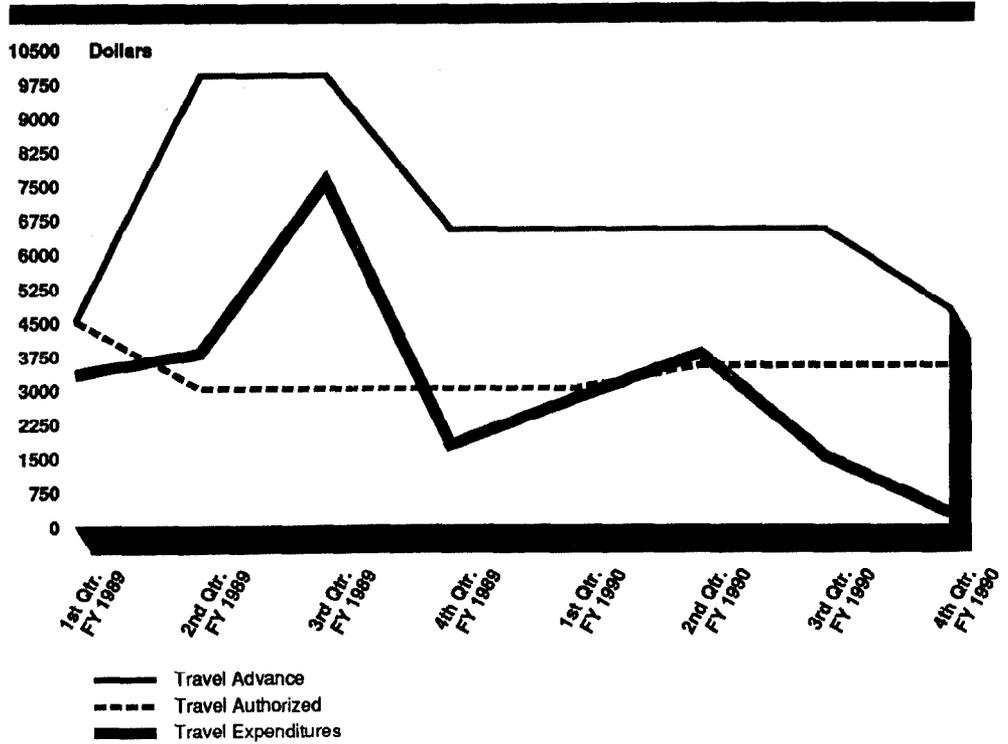
**Figure I.2: Quarterly Travel Advances, Authorizations, and Expenditures for Investigator 2**



Source: GAO presentation of BIA data.

**Appendix I  
Travel Expenditures and Authorizations for  
Four Special Investigations  
Unit Investigators**

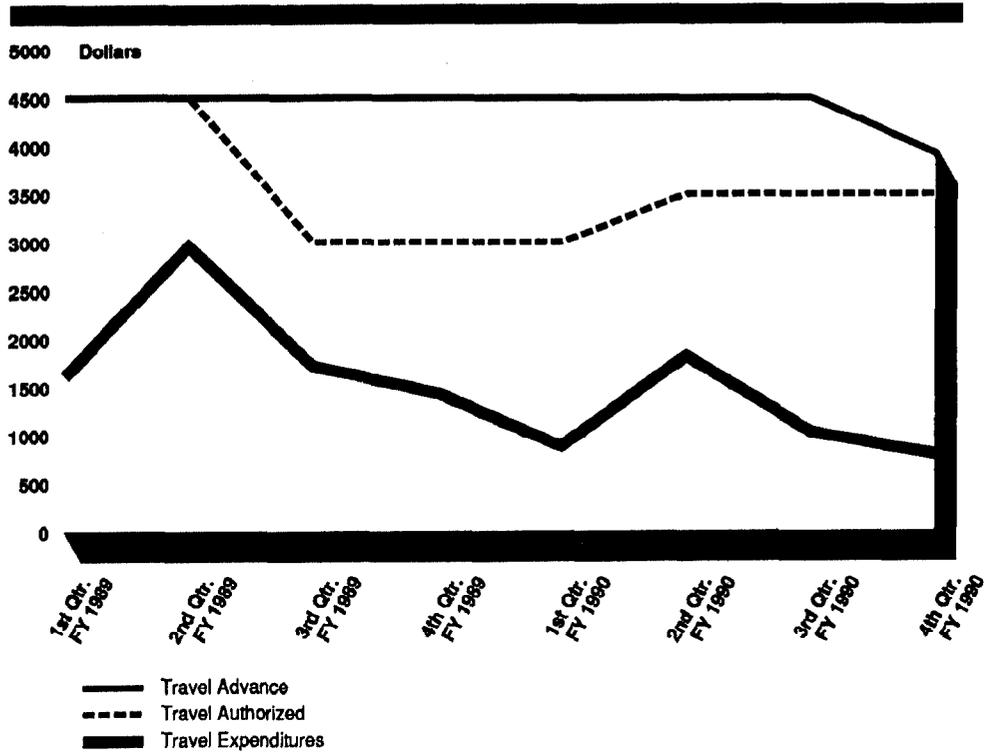
**Figure I.3: Quarterly Travel Advances, Authorizations, and Expenditures for Investigator 3**



Source: GAO presentation of BIA data.

**Appendix I  
 Travel Expenditures and Authorizations for  
 Four Special Investigations  
 Unit Investigators**

**Figure I.4: Quarterly Travel Advances, Authorizations, and Expenditures for Investigator 4**



Source: GAO presentation of BIA data.

# Objectives, Scope, and Methodology

---

In a May 23, 1990, letter, the former Chairman, House Committee on Interior and Insular Affairs, asked us to provide information relevant to questions raised by the National Congress of American Indians. The questions concerned the operations of two field units of the Division of Law Enforcement Services—the Special Investigations Unit (SIU) in Albuquerque, New Mexico, and the Marijuana Eradication and Reconnaissance Team (MERT) in Klamath Falls, Oregon. The operations included (1) cash disbursements from a confidential fund to pay informants, (2) overtime pay, (3) travel expenditures, and (4) equipment acquisition.

On September 27, 1990, we briefed your office on our preliminary results. On the basis of our initial work and discussions at that time, we agreed to report on internal controls for

- confidential funds,
- administratively uncontrollable overtime (AUO),
- travel advances for SIU criminal investigators, and
- sensitive equipment.

Our primary BIA work locations for this assignment were the (1) Central Office Headquarters in Washington, DC; (2) Albuquerque Area Office, Branch of Criminal Investigations (Special Investigations Unit), and Central Office West in Albuquerque, New Mexico; and the (3) Marijuana Eradication and Reconnaissance Team in Klamath Falls, Oregon.

To assess internal controls, we obtained and reviewed copies of pertinent Interior and BIA policies and procedures. We met with responsible officials at BIA headquarters and at the individual units to discuss management's implementation of the policies and procedures. We also obtained and reviewed copies of Interior Office of the Inspector General reports and legislation relevant to our work.

---

## Confidential Funds

BIA staff responsible for the confidential funds gave us copies of reports and records related to the central account and two local accounts. We used these data to determine the flow of funds and the accounting for the funds at BIA headquarters and at SIU. We reviewed appropriate legislation to determine the propriety of transferring appropriated funds to the private bank accounts and retaining unobligated funds after their period of availability had expired. We also evaluated BIA's procedures for controlling confidential funds and paying these funds to informants.

---

Finally, we obtained relevant information from the Drug Enforcement Administration and the Federal Bureau of Investigation.

---

---

### Administratively Uncontrollable Overtime

We documented the governmentwide and departmental requirements and procedures for AUO, discussed the procedures for meeting documentation and review requirements with appropriate managers and officials, and reviewed the individual files for MERT and SIU criminal investigators receiving premium pay.

---

---

### Travel Advances

We documented and reviewed governmentwide, departmental, and BIA regulations and discussed the regulations with relevant managers and officials. We obtained copies of quarterly travel authorizations for all four SIU investigators and copies of the advance authorizations for three of the investigators. (BIA was unable to locate a copy of the advance authorization for the fourth.) To develop our charts on travel expenditures charged to quarterly authorizations, we used computerized data that BIA maintains in summary format. We did not verify these data. Finally, we asked BIA for documentation concerning the decision to give SIU investigators extraordinary travel advances in fiscal year 1989; BIA officials reviewed agency files for fiscal years 1987 and 1988 but were unable to find any supporting documentation.

---

---

### Equipment

We obtained and reviewed Interior's and BIA's regulations for controlling sensitive equipment. We reviewed procurement and inventory documentation for certain high-cost equipment (1) used in undercover work and (2) purchased with fiscal year 1990 funds because these items require special control and have special reporting requirements. Further, we made a judgmental selection of additional sensitive equipment, including guns, to verify the agency's control over them. We also checked the accuracy of the agency's entry of guns and other sensitive equipment into the inventory system. Because we found that BIA's listing of sensitive equipment was inaccurate and incomplete, we made no attempt to validate or statistically sample the computerized inventory that BIA made available to us.

Our review was performed from August 1990 through December 1990 in accordance with generally accepted government auditing standards.

# Comments From the Bureau of Indian Affairs



## United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

APR 17 1991

James Duffus III  
Director, Natural Resources  
Management Issues  
U. S. General Accounting Office  
Washington, D.C. 20548

Dear Mr. Duffus:

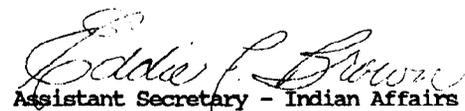
Enclosed is the Department of the Interior's response to the recommendations in the General Accounting Office (GAO) draft report entitled, Indian Programs: Lack of Internal Control at Two Special Law Enforcement Units (GAO/RCED-91-111). We do not dispute any part of your report, which addresses deficiencies in the areas of confidential funds, overtime compensation, travel and property management.

The report points out some serious problems and we have already taken immediate action to address the issues. In fact, soon after GAO staff contacted Bureau Indian Affairs (BIA) law enforcement officials, steps were initiated to correct the issues that were questioned or raised.

Although we will provide a comprehensive response at a later date regarding the final report, we want the GAO to know that we have, and will continue to take measures to fully address all issues raised in the report.

We reassure the GAO and others, that the BIA will establish strong management controls to ensure that similar problems do not ever happen again. We want top quality law enforcement in the BIA, and we firmly believe we are now headed in the right direction.

Sincerely,

  
Assistant Secretary - Indian Affairs

Enclosure

Response to General Accounting Office Draft Report, Indian Programs: Lack of Internal Control at Two Special Law Enforcement Units (GAO/RCED-91-111)

Recommendation

1. Confidential Funds—Close bank accounts; return unobligated balance by fiscal year to the Department of the Treasury; and ensure that management of confidential funds complies with federal legal authorities and procedures.

Response

The BIA Division of Law Enforcement Services has closed the bank accounts. The Washington D.C. bank balance of \$69,949.17 is being returned to Treasury. Since the Department of the Interior, Office of the Inspector General (OIG) is investigating the confidential funds account, we are careful not to interfere with any possible criminal investigation process. Once the OIG has finished its investigation, the BIA will determine the unobligated balances by fiscal year then return funds to Treasury accordingly. We have obtained copies of the Drug Enforcement Administration, the International Association of Chiefs of Police and other federal agency guidelines for managing confidential funds. We are in the process of drafting new guidelines and once we finalize them, they will be issued in conjunction with training.

Recommendation

2. Administratively Uncontrolled Overtime (AUO)—Review AUO pay and recover any improper payment; and ensure that investigators maintain proper records of overtime worked.

Response

AUO for criminal investigators has been terminated. All employees are paid straight overtime, when justified and authorized by supervisors. The BIA finance office has been directed to initiate an audit of overtime paid. Once this is completed and final determination has been made, action will take place to recover any improper payment. All supervisors will be retrained on AUO requirements and investigators will be fully apprised of overtime requirements, particularly accountability records.

Recommendation

3. Travel—Liquidate outstanding travel advances provided to Special Investigations Unit (SIU); ensure compliance with federal travel regulations concerning travel advances; and recover outstanding travel advance from the SIU investigator who resigned.

Response

Outstanding travel advances have been liquidated, except for one criminal investigator, who is repaying through a payroll deduction plan. No travel advances have been issued and travel authorizations are approved only on a trip-by-trip basis. Training has been scheduled for all supervisors on travel regulations. We have initiated action to recover an outstanding travel advance from the investigator that resigned.

Recommendation

4. Sensitive Equipment—Reconcile equipment under SIU and the Marijuana Eradication and Reconnaissance Team (MERT), and locate five missing items; ensure compliance with departmental and BIA property management regulations regarding the physical control and storage of sensitive equipment; and ensure compliance with departmental regulations regarding use of surveillance equipment.

Response

With the exception of one camera, property is accounted for and is being tagged and listed on property inventory records. Equipment is now securely stored and is checked out to investigators by receipt on a case-by-case basis. A property manager and alternate manager have been identified and scheduled for training. Written directives are being drafted covering departmental and other legal requirements on use of sensitive equipment. Training will be mandatory before use of sensitive equipment.

Recommendation

5. Potential Problems Elsewhere—Review the BIA's other law enforcement elements to determine whether similar problems exist and if so, take corrective action.

Response

We have no reason to believe similar problems exist at other BIA law enforcement programs, particularly the confidential funds issue, since these funds were mostly directed to the SIU. Nonetheless, we plan to address these issues with area directors and instruct each to follow-up to ensure compliance.

---

# Major Contributors to This Report

---

**Resources,  
Community, and  
Economic  
Development Division,  
Washington, D.C.**

Paul O. Grace, Assistant Director  
Kenneth Kurz, Evaluator-in-Charge

---

**Denver Regional  
Office**

Cynthia L. Walford, Regional Management Representative  
Jeffery D. Malcolm, Regional Assignment Manager

---

**Seattle Regional Office**

Arthur M. Peterson, Site Senior

---

**Office of General  
Counsel**

Stanley G. Feinstein, Senior Attorney

---

**Office of Special  
Investigations**

Clark B. Hall, Assistant Director  
Woodrow H. Hunt, Jr., Special Agent



---

### **Ordering Information**

**The first five copies of each GAO report are free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.**

**U.S. General Accounting Office  
P.O. Box 6015  
Gaithersburg, MD 20877**

**Orders may also be placed by calling (202) 275-6241.**

United States  
General Accounting Office  
Washington, D.C. 20518

Official Business  
Penalty for Private Use \$300

First-Class Mail  
Postage & Fees Paid  
GAO  
Permit No. G100