

## **5. Responsibility to Indians and Insular Areas**

Management problems persist in programs for Indians and island communities. The Department manages relationships with 564 Federally recognized Indian tribes, has trust responsibilities for 112 million surface and subsurface acres of land belonging to Indian tribes and individuals, and provides education services to approximately 42,000 Indian children in 184 schools and dormitories. The Department also has various responsibilities to seven island communities to include four territories and three sovereign island nations. The Department provides general administrative supervision of the relations between the U.S. government and the territories of American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, and the U.S. Virgin Islands. For the three sovereign nations, the Department is responsible for administering and overseeing U.S. Federal assistance provided under Compacts of Free Association. In carrying out these responsibilities, the Department is required to coordinate with the State Department and other Federal agencies to promote economic development and budgetary self-reliance in these countries.

### **Indian Affairs**

Responsibility to American Indians has consistently been a top management challenge for the Department. Indian Country programs managed by the Department include Indian Trust for Lands and Funds, Indian Education, Self-Determination, Energy and Economic Development, Indian Gaming, and Justice Services. Approximately 25 percent of OIG investigations involve Indian Country issues.

Recent OIG reviews disclosed needed improvements in preventing school violence and fractionalization of land. Our February 2010 review to evaluate the quality of school safety measures in place to prevent violence at Bureau of Indian Education (BIE) funded schools revealed many indicators of potential violence, deficiencies in school policies aimed at preventing violence, and substantial deficiencies in preventative and emergency safety procedures resulting in schools being dangerously unprepared to prevent violence and ensure the safety of students and staff. Indian Affairs (IA) concurred with the report's four recommendations which, if implemented, will improve safety measures in place at BIE funded schools.

The Federal Government has long acknowledged the resulting complexity from fractionation on Indian Trust operations. Fractionation is the result of dividing Tribal land into parcels and allotting the parcels to individual Indians. The allotments are subsequently divided among heirs through probate. With each generation, the amount of fractionation increases. To date, the Department has not developed a comprehensive plan that will guide its efforts to reduce fractionation.

The myriad problems we have uncovered portray programs that are sorely understaffed, underfunded, and poorly managed. The OIG has identified gross program inefficiencies along with criminal conduct at many levels of IA. The greatest obstacle to reform, however, is the leadership vacuum that has existed for almost a decade. Assistant Secretaries have typically served for only 6 to 18 months, which has resulted in constantly shifting priorities and messages

to Bureau employees and American Indians. The current Assistant Secretary – IA stated in his confirmation hearing that he would consent to a 4-year commitment. This commitment should eliminate the past leadership vacuum and ensure continuity, which will promote the establishment of consistent priorities within Indian Affairs.

### **Insular Areas**

The Department seeks to increase Federal responsiveness to the needs of the Insular Areas through the Office of Insular Affairs (OIA). OIA works to improve the financial management practices of Insular Area governments and to increase economic development opportunities through financial and technical assistance. The FY 2010 budget for Insular Areas includes \$85 million for capital improvements, operation, and technical assistance to the four U.S. territories, \$218 million for the programs of the three nations under the Compacts of Free Association, and \$177 million in tax-related payments to the U.S. Virgin Islands and Guam. Overall, OIA annually funds Insular Area government programs focusing on education, health care, infrastructure improvement, public sector capacity building, private sector development, and the environment.

Unfortunately, the people of the Insular Areas are ill-served by their local governments and the OIA. For example, our review of the funds used for security improvements at the Virgin Islands Governor's private residence concluded that approximately \$500,000 of public funds, earmarked by the Legislature for road repair in the Virgin Islands, were misspent. Our September 2010 report on the Virgin Islands Port Authority concluded that the Authority regularly circumvented or inadequately documented the procurement process in the issuance of its capital improvement projects. The problems we observed are not new, having been identified and reported on 5 years ago.

Our reviews have consistently pointed to problems that might have been mitigated had OIA provided adequate oversight or taken a more active approach in assisting Insular Area governments. Numerous reviews have pointed to ongoing management and financial problems in the Insular Areas and OIA. We identified problems in the areas of grants management, water and wastewater systems, noncompetitive procurements, tax collection, and property accountability and management.

We evaluated the OIA program management to determine if OIA is able to effectively assist the Insular Area governments in gaining economic self-sufficiency and improve the quality of life for their people. Our May 2010 report concluded that OIA's ability to accomplish major policy objectives in the Insular Areas is hindered by a lack of technical expertise and authority to directly assist the Insular Areas. OIA can improve fulfilling its responsibilities in three areas: grants management, advocacy, and performance management. The OIG is concerned that OIA, as it is currently structured, may not be able to successfully assist the Insular Areas to improve services in critical areas such as education, health care, and utilities. OIA concurred with the report and cited planned corrective actions that, if implemented, should address the report's three recommendations. OIA received a \$200,000 program increase in 2010 to hire additional personnel to address audit concerns and expand technical assistance, training, and oversight activities, but has yet to fill the positions.