



**U.S. Department of the Interior
Office of Inspector General**

AUDIT REPORT

**OPERATION AND MAINTENANCE OF
GOVERNMENT FURNISHED QUARTERS,
EASTERN NAVAJO AND FORT DEFIANCE
AGENCY OFFICES, BUREAU OF INDIAN AFFAIRS**

**REPORT NO. 97-I-1166
SEPTEMBER 1997**



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

SEP 29 1997

MEMORANDUM

TO: The Secretary

FROM: Wilma A. Lewis
Inspector General

SUBJECT SUMMARY: Final Audit Report for Your Information - "Operation and Maintenance of Government Furnished Quarters, Eastern Navajo and Fort Defiance Agency Offices, Bureau of Indian Affairs" (No. 97-I-1166)

Attached for your information is a copy of the subject final audit report. The objective of the audit was to determine whether the Eastern Navajo and Fort Defiance Agency Offices complied with Federal requirements regarding: (1) the accounting for and expenditure of the quarters' rental receipts and (2) the maintenance and occupancy of the quarters. The audit was requested by the Department of the Interior's Office of Construction Management.

We found that revenues from the rental of Government furnished quarters were deposited into a special fund and were used for the operation, maintenance, and repair of housing units within the quarters program of the two agency's offices. We also found that while the Eastern Navajo Agency complied with requirements for the maintenance and rental of quarters, the Fort Defiance Agency did not and that neither agency complied with the requirements governing the occupancy of Government furnished quarters. Specifically, we found that: (1) quarters were poorly maintained and deteriorating, requests for bills of collection for delinquent rents either were not prepared or were not prepared timely, and agreements for temporary use of housing either were not prepared or were not properly executed by the Fort Defiance Agency and (2) personnel records to support that occupancy was required for Bureau employees were not prepared by either agency office. In addition, neither agency office performed annual quarters needs assessments to determine the number of quarters necessary for Bureau operations.

In its response, the Bureau agreed with all five of the report's recommendations. Based on the response, we considered three recommendations resolved and implemented and two recommendations resolved but not implemented.

If you have any questions concerning this matter, please contact me at (202) 208-5745 or Mr. Robert J. Williams, Assistant Inspector General for Audits, at (202) 208-4252.

Attachment



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

SEP 15 1997

AUDIT REPORT

Memorandum

To: Assistant Secretary for Indian Affairs

From: Robert J. Williams *Robert J. Williams*
Assistant Inspector General for Audits

Subject: Audit Report on the Operation and Maintenance of Government Furnished Quarters, Eastern Navajo and Fort Defiance Agency Offices, Bureau of Indian Affairs (No. 97-I-1166)

INTRODUCTION

This report presents the results of our audit of the operation and maintenance of Government furnished quarters by the Eastern Navajo and the Fort Defiance Agency Offices, Bureau of Indian Affairs. The audit objective was to determine whether the agencies complied with Federal requirements regarding: (1) the accounting for and expenditure of the quarters' rental receipts and (2) the maintenance and occupancy of the quarters. The audit was requested by the Department of the Interior's Office of Construction Management.

BACKGROUND

The Bureau of Indian Affairs manages approximately 4,000 quarters (single family houses and multiple family dwellings) located throughout the United States. The Navajo Area Office is responsible for 2,488 of these quarters, which are occupied predominantly by Bureau education personnel such as teachers and custodians. Within the Area Office, the 2,488 quarters are administered by five agency offices: Chinle (612 quarters), Fort Defiance (489 quarters), Eastern Navajo (454 quarters), Western Navajo (679 quarters), and Shiprock (254 Quarters).

Federal legislative and regulatory requirements for the administration of Government furnished quarters are presented in the Departmental Quarters Handbook (400 DM), which contains uniform guidelines for acquiring, utilizing, managing, and disposing of

Government furnished quarters. The Handbook (400 DM 17.3) requires bureaus to establish controls to ensure that quarters rental income is spent only for the operation and management of the quarters program, including maintenance, repair, and alteration of quarters, and for directly related overhead. The use of rental income for quarters maintenance and operation is in addition to other maintenance funds contained in bureau budgets. Regarding required occupancy, the Handbook (400 DM 8.1) states that an agency may require an employee to occupy Government furnished quarters on a rental basis when occupancy is required to provide a necessary service such as the protection of life and property or when the employee is subject to frequent callback or emergency duties. The Department of the Treasury Asset Management Manual, Volume I, "Managing Federal Receivables," provides agencies with standards, guidelines, and procedures for managing all receivables, including rental income.

During fiscal year 1995, the Navajo Area Office obligated **\$4,171,000** of the **\$4,952,000** available (rental collections of **\$4,166,000** and unobligated funds of \$786,000 that were carried over from fiscal year 1994) for the maintenance and repair of quarters. For fiscal year 1995, the Fort Defiance Agency obligated **\$1,077,000** of **\$1,271,000** received and the Eastern Navajo Agency obligated \$922,000 of \$983,000 received for quarters maintenance and repairs.

SCOPE OF AUDIT

We reviewed documents such as rental agreements, bills for collection, occupancy reports, maintenance schedules, purchase orders, and payrolls for quarters-related transactions at the Fort Defiance and Eastern Navajo Agencies that occurred from October 1994 through June 1996. We selected these two agency offices for review based on recommendations of the Navajo Area **Office**. Our audit included visits to or contacts with the National Quarters **Officer** in Washington, D.C.; the Bureau's Facilities Management and Construction Center in Albuquerque, New Mexico; the Navajo Area **Office** in Gallup, New Mexico; the Fort Defiance Agency in Fort Defiance, Arizona; the Eastern Navajo Agency in Crownpoint, New Mexico; and eight other locations (schools) in Arizona and New Mexico where quarters were located (see Appendix 2).

Our audit was conducted from March through July 1996 in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures that were considered necessary under the circumstances. As part of our review, we evaluated the internal controls related to the maintenance and operation of Government furnished quarters within the Bureau. Our evaluation disclosed weaknesses regarding maintenance of the quarters, collection of overdue rent, documentation of qualifications for required occupancy, and disposal of excess quarters. These weaknesses are discussed in the Results of Audit section of this report. If implemented, our recommendations should strengthen the internal controls in these areas.

We also reviewed the Secretary's Annual Statement and Report to the President and the Congress, which is required by the Federal Managers' Financial Integrity Act of 1982, for fiscal year 1995 to determine whether any reported weaknesses were directly related to the scope of our audit. The report cited weaknesses in the areas of maintenance and repair of facilities, annual inventories of real property, and debt collection.

PRIOR AUDIT COVERAGE

Neither the General Accounting Office nor the Office of Inspector General has audited the Bureau's Government furnished quarters within the past 5 years. However, on December 10, 1993, the Acting Director, Office of Construction Management, issued the report entitled "Recommendations Concerning Bureau Administered Government Housing." This report contained summary recommendations and suggestions for improving the management of Bureau quarters. Specific recommendations pertaining to our audit objective were that the Bureau should mandate that agency offices prepare comprehensive financial and management plans that include an annual updated inventory of required repairs, an annual maintenance plan, and an annual budget which includes income and expense projections; develop an alternative to individual rent collection to address the small amounts of rent collected from individuals who are not Department of the Interior employees; and institute an aggressive program to review the rent collection practices and correct errors found immediately. During our current review, we found that similar conditions existed at the Navajo Area. In addition, we found that the Bureau had not officially distributed the report to area and agency offices or implemented the recommendations.

RESULTS OF AUDIT

We found that revenues from the rental of Government furnished quarters were deposited into a special fund and were used for the operation, maintenance, and repair of housing units within the quarters program of the Eastern Navajo and Fort Defiance Agencies. We also found that while the Eastern Navajo Agency complied with requirements for the **maintenance** and rental of quarters, the Fort Defiance Agency did not, and that neither agency complied with the requirements governing the occupancy of Government **furnished** quarters. Specifically, we found that: (1) quarters were poorly maintained and deteriorating, requests for bills of collection for delinquent rents either were not prepared or were not prepared timely, and agreements for temporary use of housing either were not prepared or were not properly executed by the Fort Defiance Agency and (2) personnel records to support that occupancy was required for Bureau employees were not prepared by the Eastern Navajo and Fort Defiance Agency Offices. In addition, neither agency office performed annual quarters needs assessments to determine the number of quarters necessary for Bureau operations. We believe that the lack of progress by the Bureau in implementing the recommendations in the December 1993 report issued by the Office of Construction Management contributed significantly to the deficiencies noted during our review of the two agencies. Additionally, the Fort Defiance Agency Housing Manager stated that because the Agency Superintendent eliminated the Housing Management

Assistant position, the Housing Manager had to perform the duties of both positions, which did not afford enough time to perform both functions effectively. As a result of these conditions, some quarters had unsafe and unhealthy conditions, such as broken windows and loose or missing floor tiles; rents due of approximately \$41,300 had not been collected; and ineligible employees may have been designated as requiring occupancy. Further, the Bureau said that about \$155,000 annually was needed to maintain vacant quarters at the Eastern Navajo and Fort Defiance areas.

Maintenance of Quarters

The Handbook (400 DM 7.2 and 7.3) requires the Bureau to ensure that: (1) all occupied quarters are safe, decent, sanitary, and energy efficient; (2) **fire** protection devices are installed and inspected so that they are in working condition; and (3) housing maintenance plans are established so that intermediate and long-term maintenance needs are identified and completed.

We found that both the Eastern Navajo Agency and the Fort Defiance Agency generally complied with regulations regarding fire protection. In addition, we found that Government quarters located within the Eastern Navajo Agency were effectively maintained and were generally in good condition. The maintenance department at the Eastern Navajo Agency consisted of three **maintenance** work centers, which were responsible for the maintenance of facilities and quarters within the Agency's general location. Each work center had at least one full-time maintenance employee assigned to quarters maintenance and several skilled craft employees who were assigned to **quarters** maintenance as needed. Weekly planning sessions were held between the housing and the maintenance staffs to develop and update both short- and long-term maintenance requirements. The planning sessions identified specific repairs and routine maintenance to be performed and assigned maintenance employees to perform the specific tasks.

However, the Government quarters located within the Fort Defiance Agency, except for the Wide Rums Boarding School, were poorly maintained and deteriorating. Specifically, the houses had holes and cracks in the walls and ceilings, floor and wall tiles that were missing or that required replacement, plumbing fixtures that were leaking, and windows that were cracked and broken. Additionally, we believe that some of the quarters **identified** by Fort Defiance Agency facility management as available for tenants may not have been ready for occupancy. Specifically, these quarters needed to have doors, windows, and vinyl floors repaired or replaced; general household cleaning performed; and house interiors and exteriors painted.

These maintenance deficiencies existed because the Fort Defiance Agency had not developed required plans or schedules to guide the performance of routine maintenance, as was recommended in the 1993 report. **Specifically**, the 1993 report stated that the Bureau should mandate that agencies prepare an annual plan which includes a housing management element, an updated inventory of **required** repairs, an annual maintenance plan, and a budget that includes income and expense projections. However, we found that

the Agency performed emergency maintenance (that is, needed repairs usually identified by tenants such as broken windows) on a first-come-first-served basis. After completing emergency maintenance, the maintenance staff focused their efforts on renovating vacant quarters instead of performing routine maintenance for occupied quarters, such as repairing leaky plumbing, patching and painting interior and exterior surfaces, and inspecting houses to identify problems and to prevent more- costly repairs.

Collection of Rents

The Department of the Treasury Asset Management Manual, Volume I, "Managing Federal Receivables," states that agencies should have an "aggressive" program to recover delinquent debt. In addition, the Bureau Manual (42 BIAM Supplement 3, **3.8A3**) requires debts due the Bureau to be promptly billed, routinely monitored, and pursued aggressively. However, the Fort Defiance Agency Housing Manager had not requested the Division of Accounting Management to issue bills of collection for delinquent rents that were owed by tenants. Specifically, as of March 1996, the Fort Defiance Agency had 20 (5.8 percent) of 345 tenants who had delinquent rents, including some rents that were almost 4 years overdue, as follows: 16 Navajo Housing Authority tenants owed rents totaling \$17,900 dating back to March 1995; the Navajo Area Soil Conservation Office owed rents totaling \$21,400 for two Government quarters since October 1992; and two tenants owed rents totaling \$2,000 dating back to October 1995 and February 1996, respectively.

In other instances, we found that the Fort Defiance Agency housing manager did not request that bills for collection be issued on a timely basis to former Bureau employees who resided in Bureau housing.¹ For example, in January and February 1996, the Agency housing manager requested the Division of Accounting Management to prepare six bills for collection, totaling \$7,600, for rent dating back to March 1995. However, in all six instances, the tenants had vacated the quarters from 12 to 200 days before the collection action was requested, and, at the time of our review, the rents had not been collected.

Regarding quarters rented to the Navajo Housing Authority, we found that 4 quarters were rented to the Authority without written agreements and 23 quarters were rented based on an agreement between the Fort Defiance Agency Superintendent for Education, the Authority Housing Manager, and the principal of the Greasewood Boarding School. However, the agreement was not executed in accordance with requirements for the interim use of nonexcess and excess quarters by non-Federal tenants. Specifically, the Handbook (400 DM 5.3) requires "approval from the program Assistant Secretary (but not GSA [General Services Administration]) prior to renting nonexcess quarters to non-Federal tenants" and the use of a "revocable license" for all leases of nonexcess quarters to non-Federal tenants. The "revocable license" includes general conditions such as an

¹The Departmental Quarters Handbook (400 DM 5.3) authorizes the occupancy of Government furnished quarters by non-Federal tenants, including former Department of the Interior employees, pending future use by the Bureau or pending disposal.

indemnification to hold the Federal Government **harmless** against any liability attributable to personal injury or death resulting from the occupancy of the quarters. The Agency Superintendent for Education, however, did not obtain the approval of the Assistant Secretary for Indian Affairs or use the revocable license.

Regarding delinquent rents **from** non-Bureau employees, the December 1993 report stated:

The Bureau should develop an alternative to individual rent collections to address the low levels of rent collection among non-Bureau employees. Under this agreement, the tenant's employer would act as the guarantor of the rents and collect the payments for the Bureau. The system would reduce losses due to delinquencies. Also, the performance standards of managers should be tied directly with the issue of delinquencies.

We found that debt collection activities were not administered adequately because the Agency Housing Manager did not routinely monitor the status of rental payments. The Housing Manager stated that he did not have time to monitor rental payments because he had to perform his duties and the duties of the Housing Management **Assistant**.² The position of the Housing Management Assistant was eliminated by the Agency Superintendent in November 1995. Because of inadequate management of rent collections, the Agency had delinquent rental receivables totaling \$41,300 that were not recorded in the Bureau's Federal Financial System.

Required Occupancy of Quarters

The Eastern Navajo and Fort Defiance Agencies did not comply with required occupancy provisions of the Handbook. The Handbook (400 DM **8.1B**) states that all of the following requirements have to be met to receive required occupancy certification: (1) occupancy is required for providing a necessary service or for the protection of life and property; (2) occupancy is required as a condition of employment and is specified as a condition of employment in the job announcement, position description, and the personnel action form; and (3) occupancy is required for the convenience of the employer, not the employee. The Handbook further states that "[a]ll determinations of required occupancy shall be in writing . . . based upon the justification and recommendations submitted in writing on Form DI 1872, Certification of Required Occupancy" and approved by the "regional/area director. "

Based on our review of job announcements, position descriptions, and the personnel action forms related to 100 employees identified as required occupants (50 at each agency office), we found that the records did not specify that required occupancy was identified as a

²Duties of the Housing Manager include developing annual work plans for quarters maintenance, reviewing the expenditure of quarters rental receipts, meeting with renters, inspecting and monitoring the inspection of quarters, reviewing applications for occupancy, processing tenant complaints, and ensuring that rents are collected. Duties of the Housing Management Assistant include inspecting quarters after they are vacated, preparing shop orders, verifying tenant applications, preparing requisitions, and coordinating quarters repairs.

condition of employment. In addition, based on our review of required occupancy certificates at 4 of 25 locations (at the two agencies reviewed), we believe that the types of positions identified as required occupancy may not be required for the protection of life and property and may not be subject to frequent callback or emergency duties. For example, at the Wide Ruins Boarding School, tenants who were identified as required occupants included a bus driver, a janitor, a cook, and three educational aides. At the Crown Point Community School, 26 tenants who were identified as required occupants included a teacher, a painter, an automation clerk, an equipment operator, and a School department head. The rental payments of Bureau employees who have certifications of required occupancy are deducted from the employees' gross income for the purposes of reporting wages for both Federal and Social Security taxes. Consequently, employees who are designated inappropriately as requiring occupancy receive reduced tax liabilities to which they are not entitled.

Although the Handbook (400 DM 5.2 and 5.3) provides for the occupancy of quarters by employees, contractors, and other persons who provide incidental service in support of Government programs, the Handbook (400 DM 4.4) also requires that prompt action be taken to dispose of quarters not essential to the accomplishment of a bureau mission. Specifically, the Handbook states, "Housing should not be retained for use as GFQ [Government Furnished Quarters] merely because it is available." Therefore, we believe that the Bureau should identify housing essential to its operations and dispose of unneeded housing, which should reduce the Bureau's maintenance requirements.

This issue was also addressed in the Office of Construction Management 1993 report, which stated that the "current practice in the Bureau suggests there is insufficient policy direction from the Central Office which identifies those individuals as Required Occupants." The report recommended that the objectives for required services be clarified and that job categories of employment which should be specified as required occupants be identified. We also found that, in general, Agency Superintendents for Education did not comply with the requirements that occupancy should be specified as a condition of employment in job announcements, position descriptions, and personnel action forms. We also noted one instance in which required occupancy certificates were approved by the Director, Office of Indian Education, instead of the Area Director, who is the authorized approving official.

Vacant and Excess Quarters

We found that the Fort Defiance and the Eastern Navajo Agencies did not conduct required annual housing needs assessments and properly dispose of excess houses. The Handbook (400 DM 4.4) requires a bureau to conduct **annual** surveys of quarters to determine the number of quarters needed within bureau programs. The Handbook (400 DM 4.5) further states that quarters not currently used by bureau employees or for the protection of property "**shall** be regarded as unneeded, and shall be promptly disposed of by the holding bureau." However, Bureau records indicated that 63 (15 percent) of 408 quarters units at all 13 Fort Defiance Agency locations and 53 (16 percent) of 337 units

at all 18 Eastern Navajo Agency locations were vacant. Further, the records indicated that 26 (41 percent) of the 63 vacant units at the Fort **Defiance** Agency and 21 (40 percent) of the 53 vacant units at the Eastern Navajo Agency had been vacant for more than 1 year. We also found that another six units were being used for storage and that two units being used as classrooms had not been removed from the quarters inventory at **the** Fort Defiance Agency.

We believe that non-Bureau tenants occupying Bureau housing is another indication that excess quarters may exist. For example, since September 1994, 27 Navajo Housing Authority tenants (non-Bureau) have occupied 23 quarters at the Greasewood location and 4 quarters at the **Chuska/Tohatchi** locations. The Bureau was informed of excess conditions in the 1993 report, which estimated a Bureauwide housing surplus of 31 percent and specifically identified housing surpluses of 41 percent at the Greasewood location and 50 percent at the **Chuska/Tohatchi** location.

We found that vacant and excess quarters existed because agency **officials** had not performed annual quarters needs assessments (last performed in 1992) to determine the number of quarters necessary for Bureau operations, as **required** by Bureau policies and procedures. However, we noted that in 1990, the Bureau contracted for a Bureauwide housing assessment. The goals of the assessment were to: (1) inventory the conditions and identify rehabilitation required to bring Bureau employee housing up to acceptable conditions and estimate associated costs; (2) determine what employee housing was required to meet Bureau needs; (3) acknowledge **and** integrate existing Federal policies, standards, and procedures as required into the study methodology; (4) develop policy recommendations on providing Bureau housing; and (5) develop a survey methodology that can be replicated by Bureau personnel in continuing studies. A preliminary report on the assessment was issued in October 1995. The preliminary report identified 105 (35 percent) of 300 quarters as vacant at 7 of 13 Fort Defiance Agency locations and 50 (17 percent) of 302 quarters as vacant at 6 of 18 Eastern Navajo Agency locations. The Bureau estimated that it would need \$155,000 to maintain vacant quarters at these two agencies.

Recommendations

We recommend that the Assistant Secretary for Indian Affairs ensure that:

1. Facility and housing managers at the Fort Defiance Agency develop and implement annual and long-range plans to identify and correct housing maintenance deficiencies.
2. Housing managers at the Fort **Defiance** Agency collect delinquent rents consistently and timely.
3. Agreements for the temporary use of **quarters** by non-Federal tenants are executed in accordance with requirements of the Departmental Manual.

4. Policies and procedures are developed and implemented so that compliance with the “required occupancy” requirement of the Departmental Manual is ensured and that specific job classifications which should be classified as “required occupants” are identified.

5. Annual needs assessments of quarters are completed and excess quarters which are not essential to Bureau operations are disposed of as appropriate.

Bureau of Indian Affairs Response and Office of Inspector General Reply

In the July 8, 1997, response (Appendix 3) to the **draft** report from the Assistant Secretary for Indian Affairs, the Bureau concurred with the five recommendations. Based on the Bureau’s response, we consider Recommendations 1, 3, and 4 resolved and implemented **and** Recommendations 2 and 5 resolved but not implemented. Accordingly, the unimplemented recommendations will be referred to the Assistant Secretary for Policy Management and Budget for tracking of implementation (see Appendix 4).

In its response, the Bureau requested that we revise the Prior Audit Coverage and Results of Audit sections of this report where we referred to information contained in the December 1993 report “Recommendations Concerning Bureau Administered Government Housing,” issued by the Acting Director, Office of Construction Management. The 1993 report contained summary recommendations and suggestions for improving the management of Bureau quarters. Since the scope of our current audit was limited to the Navajo Area, the Bureau suggested that we qualify our use of information in the 1993 report to the Navajo Area and the two agencies reviewed. The Bureau **also** requested that we delete, in the section “Collection of Rents” in our current report, reference to the statement in the 1993 report that the Bureau should develop an alternative method of rent collections for non-Bureau employees. The Bureau said that it requested this deletion because, “[w]hile alternatives have been considered, the alternative available to the area offices under 43 **BIAM** [Bureau of Indian Affairs Manual] is limited to Federal agencies” and because our current audit report “deals only with the Navajo Area **Office** and makes no recommendation relating to the development of an alternate procedure. ”

Based on the Bureau’s comments, we have revised portions of both sections to clarify that the scope of our review was limited to the Navajo **Area** and the two agencies. We did not delete the reference in the section “Collection of Rents” because we believe that this statement is relevant to the finding in that most delinquent rents were **from** non-Bureau employees and to the Bureau in its efforts to revise **the** Bureau of Indian Affairs Manual. In that regard, the response stated that the Bureau Manual (43 **BIAM**) limits alternatives to rent collections to Federal agencies. Consequently, we believe that the collection of rents from non-Federal agencies needs to be addressed by the Assistant Secretary’s Office in its “Bureau-wide effort to revise the Indian Affairs Manual.”

Although the Bureau concurred with Recommendation 4, which related to required occupancy, it said that we had identified various **staffing** positions as not appropriate for

consideration of the required occupancy designation that must be available to provide coverage during emergencies. The Bureau stated, "[W]hile we will strive to limit the number of positions identified for required occupancy, designating an appropriate mix of types of positions and an adequate number of positions for required occupancy is necessary, especially at boarding schools. "

We did not conclude that the positions were inappropriate for required occupancy designation but concluded that agencies had not complied with the requirements for granting employees required occupancy certificates. Without documentation to support that the positions were appropriate for required occupancy, it appeared to us that some of the positions that had been granted the certificates may not have met the requirements for the designations such as a janitor, educational aides, and an automation clerk.

The legislation, as amended, creating the Office of Inspector General requires semiannual reporting to the Congress on all audit reports issued, the monetary impact of audit findings (Appendix 1), actions taken to implement audit recommendations, and identification of each significant recommendation on which corrective action has not been taken.

We appreciate the assistance of Bureau of Indian Affairs personnel in the conduct of our audit.

CLASSIFICATION OF MONETARY AMOUNTS

| <u>Finding Area</u> | <u>Funds To Be Put To Better Use</u> |
|---------------------|--|
| Collection of Rents | \$89,900 |

SITES VISITED

| OFFICES | LOCATION |
|---|---|
| Navajo Area Office | Gallup, New Mexico |
| Ft. Defiance Agency Office | Ft. Defiance, Arizona |
| Ft. Defiance (Headquarters) | Ft. Defiance, Arizona |
| Window Rock | Window Rock, Arizona |
| Wide Ruins Boarding School | Wide Ruins, Arizona |
| Greasewood Boarding School | Greasewood, Arizona |
| Kinlichee Boarding School | Kinlichee, Arizona |
| Chuska Boarding School | Chuska, Arizona |
| Eastern Navajo Agency Office | Crownpoint, New Mexico |
| Crownpoint (Headquarters) | Crownpoint, New Mexico |
| Crownpoint Community School | Crownpoint, New Mexico |
| Wingate High School | Wingate , New Mexico |
| Pueblo Pint-ado Community School | Pueblo Pintado , New Mexico |
| Dzilh-Na-O-Dith-Hle Community School | Dzilh-Na-O-Dith-Hle , New Mexico |



United States Department of the Interior

OFFICE OF THE SECRETARY

Washington, D.C. 20240

JUL 08 1997

Memorandum

To: Assistant Inspector General for Audits

From: Assistant Secretary - Indian Affairs

Cecilia E. Deen

Subject: Draft Audit Report, "Operation and Maintenance of Government Furnished Quarters, Eastern Navajo and Fort Defiance Agency Offices, Bureau of Indian Affairs," (Assignment No. C-IN-BIA-007-96)

The subject audit report reviewed the operation and maintenance of Government furnished quarters by the Eastern Navajo and the Fort Defiance Agency Offices. The Bureau of Indian Affairs concurs with the five recommendations in the draft report. However we request revisions to the prior audit coverage and results of audit sections of the report as suggested below.

Prior Audit Coverage. The draft report summarizes the recommendations made in a December 10, 1993, report entitled "Recommendations Concerning Bureau Administered Government Housing" prepared by the Office of Construction Management. In response to the report, the Bureau developed a task force to develop necessary revisions to Bureau policies and procedures. The Bureau did not distribute the report to the area offices for implementation of the recommendations. Since the scope of this audit was limited to the Navajo Area Office, we suggest that the wording of the last sentence of this section be revised to: "During our current review, we found that similar conditions existed at the Navajo Area"

Results of Audit. For the reasons discussed above, we request that the causal sentence be revised to "... the lack of progress by the Bureau in implementing the recommendations . . . contributed significantly to the deficiencies noted during our review of the two agencies."

Collection of Rents. This section again references the December 1993 Office of Construction Management report. The report states that the Bureau should develop an alternative to individual rent collections for non-Bureau employees. While alternatives have been considered, the alternative available to the area offices under 43 BIAM is limited to Federal agencies. Since the draft report deals only with the Navajo Area Office and makes no recommendation relating to the development of an alternative procedure, we request that this paragraph be deleted.

Required Occupancy of Quarters. The examples cited in the report, Wide Ruins Boarding School and Crown Point Community School are both boarding schools. As such, **staff**, including classroom, dormitory, kitchen, facility's management and transportation personnel, must be available

to provide coverage during periods when roads are impassable because of weather or other emergencies. While we will strive to limit the number of positions identified for required occupancy, designating an appropriate mix of types of positions and an adequate number of positions for required occupancy is necessary, especially at boarding schools.

Our responses to the five recommendations contained in the draft report are provided below:

Recommendation 1: We recommend that the Assistant Secretary - Indian Affairs ensure that facility and housing managers at the Fort Defiance Agency develop and implement annual and long-range plans to identify and correct housing maintenance deficiencies.

Bureau Response: The Bureau concurs. Fort Defiance will be required to develop the required annual and long-range maintenance plans. To ensure that the plans address all concerns, the agency facility and housing managers will solicit participation from all concerned parties, including school principals, local facility managers, and local housing committees. Fiscal year 1998 annual plans are due to the Navajo Area Office by August 31, 1997. The Fort Defiance Housing Manager will be responsible for developing the required plans.

Recommendation 2: We recommend that the Assistant Secretary - Indian Affairs ensure that housing managers at the Fort Defiance Agency collect delinquent rents consistently and timely.

Bureau Response. The Bureau concurs. Bills of collection for the 20 tenants cited in the report will be issued by July 31, 1997. To ensure that bills of collection are issued, the Navajo Area Office will require the agency housing managers to perform annual quarters audits in addition to the audit required when tenants vacate the quarters. Because the Department is tracking debt collection as both a material internal control weakness and an unimplemented recommendation from our financial statement audit., we consider this recommendation resolved and implemented.

Recommendation 3: We recommend that the Assistant Secretary - Indian Affairs ensure that agreements for the temporary use of quarters by non-Federal tenants are executed in accordance with the requirements of the Departmental Manual.

Bureau Response: The Bureau concurs. Agreements for the temporary use of quarters by non-Federal tenants are being approved by the Navajo Area Director in accordance with the Departmental Manual. In addition all leases for non-Federal tenants will include a "revocable license." Existing leases will be revised upon renewal to include the revocable license. We consider this recommendation resolved and implemented.

Recommendation 4: We recommend that the Assistant Secretary - Indian Affairs ensure that policies and procedures are developed and implemented so that compliance with the "required occupancy requirement of the Departmental Manual is ensured and that specific job classifications which should be classified as "required occupants" are identified.

Bureau Response: The Bureau concurs. Following existing Departmental requirements, Eastern Navajo and Fort Defiance Agencies have revised position descriptions and modified job

announcements to include “required occupancy” as a condition of employment. In addition, all required occupancy certificates are being approved by the Navajo Area Director.

As part of a Bureau-wide effort to revise the Indian Affairs Manual, Bureau quarters management policies and procedures are being revised. Specific job classifications will be classified as “required occupants.” However, as noted above, we believe that an appropriate mix of types of positions and an adequate number of positions must be designated as “required occupants” at Bureau schools. Since the revision of the Bureau quarters management manual section is part of a Bureau-wide effort, a target date for revision of the manual has not been established. The responsible official is the Bureau’s National Quarters Officer.

Recommendation 5: We recommend that the Assistant Secretary - Indian Affairs ensure that annual needs assessments of quarters are completed and excess quarters which are not essential to Bureau operations are disposed of as appropriate.

Bureau Response: The Bureau concurs. The Fort Defiance and Eastern Navajo Agencies will be required to perform an quarters needs assessments to determine the number of quarters necessary for agency operations. Upon submission and review of the assessments, the Navajo Area Office will dispose of the excess quarters following required procedures. The annual quarters needs assessments are due by December 31, 1997. The responsible officials are the agency housing managers.

STATUS OF AUDIT REPORT RECOMMENDATIONS

| Finding/ Recommendation R e f e r e n c e | Status | Action Required |
|---|----------------------------|---|
| 1, 3, and 4 | Implemented. | No further action is required. |
| 2 and 5 | Resolved; not implemented. | No further response to the Office of Inspector General is required. The recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation. |

**ILLEGAL OR WASTEFUL ACTIVITIES
SHOULD BE REPORTED TO
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