



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

SURVEY REPORT

**JUDGMENT FUNDS AWARDED TO THE
SEMINOLE NATION OF OKLAHOMA**

**REPORT NO. 97-I-136
NOVEMBER 1996**



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

NOV 18 1996

MEMORANDUM

TO: The Secretary

FROM: Wilma A. Lewis
Inspector General

SUBJECT SUMMARY: Final Survey Report for Your Information - "Judgment Funds Awarded to the Seminole Nation of Oklahoma" (No. 97-I-136)

Attached for your information is a copy of the subject final report. This report is the first in a series of audit reports that we plan to issue on judgment funds awarded to individual Indian tribes. The objective of the audit was to determine whether the: (1) Bureau of Indian Affairs distributed judgment award funds in accordance with the plans or legislation authorizing the use of these funds and (2) tribes used judgment award funds as specified in the plans or legislation.

We concluded that the Bureau distributed judgment award funds related to consolidated Dockets 73 and 151 to the Seminole Nation of Oklahoma in accordance with Public Law 101-277 for fiscal years 1994 and 1995. We also concluded that the Seminole Nation had fully complied with the plan for the use and distribution of the judgment award funds. Specifically, the Seminole Nation: (1) established a separate Judgment Fund Office to administer the program; (2) passed tribal ordinances that established seven individual programs and eligibility criteria for the use of the judgment funds; (3) prepared annual budgets for the individual programs and distributed funds in accordance with those budgets; and (4) deposited funds into a separate interest-bearing account for each program. The individual programs established were school clothing assistance, burial assistance, elderly assistance, household economic assistance, higher education, cultural and recreational enhancement, and economic and business development. All of these programs met the intent of Public Law 101-277 and the plan for the use and distribution of the judgment award funds. The report contained no recommendations.

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

Attachment



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

SURVEY REPORT

NOV - 7 1996

Memorandum

To: Special Trustee for American Indians

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

Subject: Survey Report on Judgment Funds Awarded to the Seminole Nation of Oklahoma (No. 97-I-136)

INTRODUCTION

This report presents the results of our survey of judgment funds awarded to the Seminole Nation of Oklahoma. This report is the first in a series of audit reports that we plan to issue on judgment funds awarded to individual Indian tribes. The objective of the audit was to determine whether the: (1) Bureau of Indian Affairs distributed judgment award funds in accordance with the plans or legislation authorizing the use of judgment award funds and (2) tribes used judgment award funds as specified in the plans or legislation.

BACKGROUND

On April 27, 1976, the Indian Claims Commission approved a compromise settlement and entered a final award in consolidated Dockets 73 and 151 in the amount of \$16 million on behalf of the Seminole Nation as it existed in Florida on September 18, 1823. The award was compensation for aboriginal lands taken by the United States under provisions of the Treaty of Camp Moultrie. Funds to cover the award were appropriated on June 1, 1976. From June 1976 to January 1990, the funds were invested. On January 23, 1990, the Congress enacted Public Law 101-277, which stipulated that the judgment award, including all interest and investment income accrued thereon less attorney's fees and litigation expenses, be allocated as follows: 75.404 percent to the Seminole Nation of Oklahoma and 24.596 percent among the Seminole Tribe of Florida, the Miccosukee Tribe of Indians of Florida, and the independent Seminole Indians of Florida. The allocation to the Seminole Nation of Oklahoma was \$11,114,097.

Public Law 101-277 further stipulated that the Seminole Nation of Oklahoma develop a plan for the use and distribution of the funds awarded, with the provision that at least 80 percent of the amount awarded be programmed to serve common tribal needs, educational requirements, and such other purposes as the tribe may determine.

The Seminole Nation prepared a plan for the use and distribution of the judgment award funds. The plan became effective on May 15, 1991, after approval by the Secretary of the Interior. The plan required the Secretary to invest the funds for use by the tribe on a budgetary basis for programs and services to be determined by the tribal governing body. The tribal governing body determined that the funds would be used in the following program areas: health, education, social services, elderly care, housing, general community improvement, economic and business development, expansion and preservation of the tribal land base, and tribal government support and development.

For fiscal years 1994 and 1995, the Bureau distributed judgment funds of approximately \$4.6 million to the Seminole Nation, which spent about \$4.1 million for the projects during this period.

SCOPE OF SURVEY

Our survey was made 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. We concentrated our review on judgment fund activity that occurred during fiscal years 1994 and 1995. We did not review the Bureau's accounting for or its investment of the judgment award funds. Our survey was performed during September 1996 at the offices of the Seminole Nation in Wewoka, Oklahoma.

We also reviewed the Secretary's Annual Statement and Report to the President and the Congress, required by the Federal Managers' Financial Integrity Act, for fiscal year 1995 and determined that there were no reported weaknesses related to the objective and scope of our survey.

PRIOR AUDIT COVERAGE

Neither the Office of Inspector General nor the General Accounting Office has issued a report in the past 5 years concerning judgment funds awarded to the Seminole Nation.

RESULTS OF SURVEY

We concluded that the Bureau of Indian Affairs distributed judgment award funds related to consolidated Dockets 73 and 151 to the Seminole Nation of Oklahoma in accordance with Public Law 101-277 for fiscal years 1994 and 1995. We also concluded that the Seminole Nation had fully complied with the plan for the use and distribution of the judgment award funds. Specifically, the Seminole Nation: (1) established a separate Judgment Fund Office to administer the program; (2) passed tribal ordinances that established seven individual programs and eligibility criteria for the use of the judgment funds; (3) prepared annual budgets for the individual programs and distributed funds in accordance with those budgets; and (4) deposited funds into a separate interest-bearing account for each program. The individual programs established were school clothing assistance, burial assistance, elderly assistance, household economic assistance, higher education, cultural and recreational enhancement, and economic and business development. All of these programs met the intent of Public Law 101-277 and the plan for the use and distribution of the judgment award funds. Each of the programs required individual applications and supporting documents for funding assistance, which were reviewed by the Judgment Fund Office for eligibility. We performed a limited test of program expenditures totaling about \$498,000 and related documentation and determined that these expenditures were made in accordance with requirements of the tribal ordinances. In addition, annual audits of the financial statements of judgment award funds for fiscal years 1994 and 1995 were performed by a certified public accounting firm, which rendered unqualified opinions on these financial statements for these periods.

Since this report does not contain any recommendations, a response to the Office of Inspector General is not required.

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

We commend the Seminole Nation's management of these funds, and we appreciate the cooperation of Bureau staff at the Muskogee Area Office and the Wewoka Agency Office, as well as tribal personnel, in the conduct of our audit.

cc: Assistant Secretary for Indian Affairs

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