



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

**INVESTIGATION REVEALS ABSENCE OF
CLEAR BOUNDARIES BETWEEN
BUREAU OF INDIAN EDUCATION
POST-SECONDARY EDUCATIONAL
INSTITUTION AND NONPROFIT
CORPORATION**

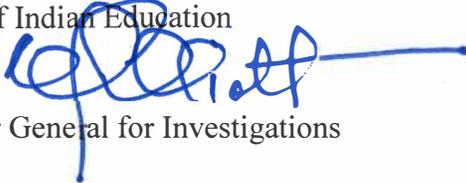


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U.S. DEPARTMENT OF THE INTERIOR

OCT 15 2018

Memorandum

To: Tony Dearman
Director, Bureau of Indian Education

From: Matthew T. Elliott 
Assistant Inspector General for Investigations

Subject: Management Advisory – Investigation Reveals Absence of Clear Boundaries
Between Bureau of Indian Education Post-Secondary Educational Institution
and Nonprofit Corporation
Case No. OI-SD-17-0074-I

During an ongoing investigation into allegations of nepotism and mismanagement at Haskell Indian Nations University (Haskell), we found that employees of the Haskell Foundation (Foundation), a nonprofit corporation, utilize office space on the Haskell campus and manage the proceeds of grants to Haskell. We also found that Haskell and the Foundation had no written agreement governing their relationship, which creates a significant risk for potential legal violations, as further described below. We strongly recommend you consult with the Office of the Solicitor to establish the scope of the Foundation's authorized activities and memorialize this in a written partnership agreement as provided in Department Policy 301 DM 5.

We found the Foundation was formed as a 501(c)(3) nonprofit corporation in the State of Kansas in 1984. The Foundation's bylaws state that its mission is to seek, encourage, receive, and manage gifts, grants and bequests for the benefit of Haskell. We found the Foundation was operating on the Haskell campus and utilizing Haskell office space without any agreement in place. Haskell provided the office space without charge to the Foundation. Our investigation also found the Foundation was operating as fiscal agent on various Haskell grants. This arrangement allowed Foundation employees to manage Federal grants and complete drawdowns of grant funds despite the grants not specifically allowing for Foundation involvement.

We interviewed Foundation staff who informed us that the Foundation did not compensate Haskell for the office space it utilized on the Haskell campus. Haskell is a post-secondary educational institution that is owned by the Bureau of Indian Education (BIE). We did not find a valid lease or other agreement between Haskell and the Foundation. Government facilities are generally for official use only, unless the agency is otherwise authorized by a statute such as 25 U.S.C. § 17, under which the Secretary of Interior may permit tribal and student organizations to use Bureau of Indian Affairs (BIA) equipment, land, buildings, under certain circumstances. Due to the absence of any formal agreement between the parties, it was unclear whether the Foundation was properly authorized to occupy the Federal facilities in this case.

We interviewed Haskell and Foundation staff concerning Federal grants awarded to Haskell and Haskell professors, and they explained that Foundation staff acted as fiscal agents on the grants and were compensated for that work. We did not determine how such compensation was paid, if at all. Our interviews of Haskell and Foundation staff found that Foundation staff deposited Haskell grant award funds into a Foundation account and completed drawdowns on the grant funds. We found no specific authority in the grants or a contract between the Foundation and the BIE that allowed this type of arrangement. This creates significant risks for ensuring the proper accounting of the grant funds and payment of any Foundation compensation.

We believe that the absence of clear boundaries between the operations of Haskell and the Foundation creates the potential for legal violations concerning Government space and Federal grant management activities.

Recommendations

In order for Haskell to effectively manage its office space and Federal grant awards, we recommend that Haskell, in cooperation with the Foundation:

1. Consult with the Office of the Solicitor to establish the scope of the Foundation's authorized activities, including its authorization to occupy Federal facilities, the proper roles and responsibilities of Foundation employees regarding grants, and the payment of any compensation to the Foundation.
2. Memorialize the determination in a written partnership agreement with the Foundation as provided in Department Policy 301 DM 5.

We are providing this memorandum to you for any action you deem appropriate. You may either email your response to doioigreferrals@doioig.gov, or mail it to:

Office of Inspector General
U.S. Department of the Interior
381 Elden Street, Suite 3000
Herndon, VA 20170

In accordance with the IG Empowerment Act of 2016, we intend to publish this memorandum on our website, in redacted form, no later than three days from the date we issue it to the BIE. Within the next 10 business days, a representative from our Office of Investigations will contact you, or your designee, to discuss our report and the status of your response. If you have any questions or need further information concerning this matter, please contact me at 202-208-5745.

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