



**CARES Act Flash Report**

# Bureau of Indian Affairs Funding Snapshot

## BIA Overview

Established in 1824 (predating the creation of the DOI), the BIA provides services to approximately 1.9 million American Indians and Alaska Natives.

The BIA serves 574 federally recognized tribes through four offices:

- The **Office of Indian Services**, which oversees services and programs for welfare, self-determination, infrastructure, tribal government, and workforce development and education
- The **Office of Justice Services**, which operates or funds law enforcement, tribal courts, and detention facilities on Indian Country lands
- The **Office of Trust Services**, which carries out trust responsibilities to Indian tribes and individuals
- The **Office of Field Operations**, which oversees 12 regional offices and 83 agencies that carry out the BIA mission at the tribal level

Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) enacted on March 27, 2020, the Bureau of Indian Affairs (BIA) received \$453 million of the \$909.7 million appropriated and transferred to the U.S. Department of the Interior (DOI) to prevent, prepare for, and respond to the coronavirus pandemic.

In addition, the CARES Act allotted funds to American Indian tribes and Alaska Native organizations from the U.S. Departments of the Treasury, Agriculture (USDA), and Health and Human Services (HHS). The BIA will have varying roles and responsibilities for the funding from Treasury, the USDA, and the HHS. Figure 1 provides the total breakdown of the allotted funds and the amount specifically appropriated to the BIA.

**Figure 1: CARES Act BIA Funding Breakdown**

Funding Source	Amount (\$)
Treasury	8,000,000,000
DOI	453,000,000
USDA	100,000,000
HHS	33,461,097
<b>Total</b>	<b>\$8,586,461,097</b>

The BIA can use this funding for numerous purposes, including public safety and justice programs, deep cleaning of facilities, personal protective equipment (PPE), information technology to improve teleworking capabilities, and welfare assistance and social services for tribal governments.

## The BIA's Spend Plan for DOI Funds

According to its spend plan for the \$453 million from the DOI, the BIA will distribute funds for staffing, immediate response activities, and contracted services. The CARES Act states that no less than \$400 million shall be made available to meet the direct needs of tribes. The funds are to remain available until September 30, 2021.



The BIA's **Aid to Tribal Government** program supports tribal government operations, elections, policies, legislation, and regulations.

The BIA's **Welfare Assistance** program provides financial assistance for the basic needs of American Indians who reside on or near reservations, including payments for food, clothing, shelter, social services, burial expenses, and other emergency assistance.

### Top Five Recipients of BIA Direct Payments to Tribes

- Cherokee Nation – \$7,459,874
- Navajo Nation – \$7,008,211
- Choctaw Nation – \$6,450,137
- Muscogee (Creek) Nation – \$3,781,384
- Sault Ste. Marie Tribe of Chippewa Indians – \$2,888,284

In a letter to tribal leaders on April 13, 2020, the BIA stated that \$420 million of the \$453 million will be used for direct payments to tribes to meet their needs. Of the \$420 million, \$400 million would be distributed through its Aid to Tribal Government program and \$20 million through its Welfare Assistance program.

The remaining funds—\$33 million—will support the needs of the BIA's immediate response activities, which include COVID-19 requirements for wildfire operations, PPE and cleaning, equipment and supplies for law enforcement in high-risk COVID-19 situations, and quarantines in detention centers. Some funds will be held in reserve to respond to future pandemic response needs. Figure 2 provides a breakdown of how the \$33 million will be allocated.

**Figure 2: Use of Funds for Immediate Response Activities**

Funding Description	Amount (\$)
Personnel/labor costs	1,325,000
Wildfire operations	1,856,000
PPE and cleaning supplies	2,199,000
Community policing equipment and supplies	6,000,000
IT equipment	7,000,000
Detention center quarantine	7,500,000
Facility cleaning	5,600,000
Reserve	1,520,000
<b>Total</b>	<b>\$33,000,000</b>

The BIA established a formula for distribution of CARES Act funds. Aid to Tribal Government funding was allocated based on tribal enrollment data, grouping tribes into funding levels based on enrollment numbers. Higher enrollment numbers will receive higher funding amounts, and tribes with the lowest enrollment numbers will receive at least \$60,000. Welfare Assistance funding was also allocated based on enrollment data for a prorated distribution of the \$20 million appropriated.

On May 18, 2020, the BIA announced the distribution amounts per tribe for Aid to Tribal Government and Welfare Assistance funds. The top five recipients (see sidebar) have been quick to act in establishing spend plans and distributing the funds to tribal members:

- The Cherokee Nation issued its “Respond, Recover, Rebuild” plan in late May 2020. The plan will largely offset unbudgeted expenses due to COVID-19, protect employees from layoffs, add safety measures to infrastructure, increase services for citizens, and invest in strengthening the Cherokee community’s recovery.



## Success Stories

The **Cherokee Nation** has invested in healthcare and facilities, which positioned the tribe well to respond to the pandemic. In November 2019, the Cherokee Nation invested in a 469,000 square foot outpatient facility, the Cherokee Nation Outpatient Health Center, which provides access to 30 different medical specialties under one roof. To respond to the pandemic, it set up a call center at the facility to answer tribal members' COVID 19 questions. The Cherokee Nation also broke ground in May 2019 for the first medical school in Indian Country at W. W. Hastings Hospital in Tahlequah, OK, where the Cherokee Nation hopes to train its own physicians to specialize in Indian health issues. The medical school is slated to open in fall 2020.

The **Chilkoot Indian Association** acted quickly to assist tribal members facing hardships due to the pandemic. The Association proactively mailed out assistance applications to tribal members and has purchased food and grocery vouchers for members as well as refrigerators, freezers, and harvesting equipment. The Association has also used funds to purchase cleaning supply kits (containing masks and gloves) and to establish a safe quarantine space.

- The Navajo Nation's spend plan (issued June 9) funds water infrastructure projects, PPE, hazard pay, and other services.
- The Choctaw Nation of Oklahoma's spend plan (issued June 26) offers income support, technology assistance, student support, elderly food security, and housing assistance, among other programs.
- On June 23, the Muscogee (Creek) Nation passed legislation to begin disbursement of funds for individual and family support programs and healthcare services.
- On July 6, the Sault Ste. Marie Tribe of Chippewa Indians approved using part of its CARES Act funds to provide emergency financial assistance to tribal members through its Anishnaabek Community and Family Services.

## Treasury Funding

Treasury reserved \$8 billion for payments to tribal governments to cover costs incurred between March 1, 2020, and December 30, 2020, as part of its Coronavirus Relief Fund. The funds will allow the tribal governments to respond directly to the coronavirus emergency, such as addressing medical or public health needs. The funds can also be used for second-order effects of the emergency, such as providing economic support to those suffering from employment or business interruptions due to COVID-19 related business closures.

Treasury used Indian Housing Block Grant population data from the U.S. Department of Housing and Urban Development, rather than the tribal enrollment data that tribes reported to Treasury, to apportion 60 percent of the \$8 billion. The remaining 40 percent was apportioned based on employment and expenditures of tribes and tribally owned entities. Treasury has published two documents on its website regarding the allocation method and use of the block grant population data rather than the tribal enrollment data. Treasury started making payments to tribal governments based on the block grant population data on May 5, 2020. Treasury started making payments on June 12, 2020, to distribute the remaining funds based on employment and expenditures.

The BIA is not responsible for overseeing the funds from Treasury. Treasury's Office of Inspector General (OIG) has made the BIA aware of recipient reporting and record retention requirements to assist in answering questions that tribes may have.

## USDA Funding

The CARES Act provided \$100 million to the USDA's Food Distribution Program on Indian Reservations, to remain available until September 30, 2021. Of the \$100 million, \$50 million is to be used for facility improvements and equipment updates, including but not limited to physical barriers, sinks, sanitation stations, and PPE. The remaining



## Look for Red Flags That Indicate Potential Fraud

Questions to help the BIA identify possible issues include:

- Is someone exceeding their authority, routinely overriding controls, or steering contracts to a particular vendor?
- Are there gaps in documentation?
- Do vendor bids match the Government estimate so precisely as to raise suspicion that Government information may have been improperly divulged?
- Is the right work being performed?
- Are invoices prepared in accordance with the terms and conditions of the grant or contract?

\$50 million is for additional food purchases. The BIA is not providing oversight and is not involved in the process of distributing these funds.

## HHS Funding

The HHS authorized a transfer of \$33 million from its Child Care and Development Fund (CCDF) to the BIA, to be available to various tribal and Alaska Native organizations. The CCDF helps low-income families obtain childcare so they can work or attend training or education and promotes coordination among early childhood development and afterschool programs.

The HHS has allocated funds to the BIA within an HHS-maintained account. The funds are to remain available until September 30, 2021. The BIA will allocate and spend the money directly from the HHS account. The BIA received access to the funds on April 21, 2020, and processed assistance awards for 44 tribes as directed by the HHS. The HHS retains ownership and is responsible for reporting on use of the funds.

## Fraud Awareness and Controls

The BIA is the largest recipient of DOI funds and has received sizeable amounts from other Government agencies; therefore, awareness of fraud risks and related internal controls are critical for effective oversight. As CARES Act funding gets distributed and spent, knowing about potential fraud indicators and controls will help the BIA and the tribes protect against misuse or mismanagement that could result in the loss of funds. While fraud is not easily discovered, behavioral red flags that are commonly displayed include living beyond one's means, unusually close relationships with vendors or customers, and an unwillingness to share duties. In addition, red flags within transactions that can point to potential fraud include altered documents, missing supporting documentation, missing approvals, backdated agreements, and questionable costs.

To detect red flags, the BIA will need to effectively monitor and oversee procurements, work performed, invoices, and daily transactions. Being aware of the red flags will help managers identify possible issues. See the sidebar for questions to consider.

In addition, effective internal controls have proven to mitigate fraudulent activity. Key actions the BIA can take as it provides oversight for CARES Act funding include the following:

1. Establish a written code of conduct.
2. Perform periodic reconciliations of financial reports and supporting documentation.
3. Implement a system of checks and balances for financial and program oversight.



## Internal Controls Are Essential To Prevent Fraud

A 2018 DOI OIG investigation provides an example of how a breakdown of internal controls can lead to fraud:

We found that a tribal official embezzled more than \$98,000 using a tribal government charge card for personal expenses such as airfare, retail purchases, food, and utility and telephone services. The charges were billed to the tribe and paid using a combination of Federal and tribal funds.

According to a recent study on occupational fraud, the top three weaknesses that led to fraud were:

- Lack of internal controls
- Lack of management review
- Override of existing internal controls

4. Perform risk assessments of potential vendors that include background research, experience, and suspension and debarment coordination with the OIG.
5. Review and update as needed policies and procedures in areas such as cash disbursements, purchase cards, expense and travel reimbursements, use of assets, and conflicts of interest.
6. Document clear lines of authority.
7. Perform regular management reviews with corresponding approvals.
8. Provide fraud awareness training.
9. Review system access controls on a regular basis.
10. Document account codes for Federal funds and tribal funds and review periodically to ensure the funding is not commingled across the numerous accounts.
11. Apply professional skepticism—an attitude that includes a questioning mind, being alert to red flags for fraud or error, and a critical assessment—to financial data and supporting documents.
12. Report suspected fraud, waste, and abuse immediately to the appropriate OIG.

## Timeline of BIA CARES Act-Related Events

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| <b>March 6</b>  | The DOI Assistant Secretary for Indian Affairs issues a letter to tribal leaders regarding the coronavirus.                                       |
| <b>March 29</b> | The BIA receives the \$453 million from the DOI appropriation.  |
| <b>April 1</b>  | The BIA awards the first grant to a tribe.  |
| <b>April 14</b> | The BIA issues a press release announcing it “stands ready” to assist tribes eligible to receive funding from Treasury’s Coronavirus Relief Fund. |
| <b>April 16</b> | The DOI Assistant Secretary for Indian Affairs issues a press release about Coronavirus Relief Fund payments to tribal governments.               |
| <b>April 17</b> | The BIA awards the first contract for services, specifically for janitorial services.   |
| <b>May 19</b>   | The BIA issues an Adaptive Operations Recovery Plan for phased opening of facilities and offices consistent with State and tribal guidance.       |
| <b>June 2</b>   | The DOI Assistant Secretary for Indian Affairs approves the pandemic plan for BIA employee safety and health and continuity of operations.        |