



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

SURVEY REPORT

**MANAGEMENT OF
AGRICULTURAL LEASES BY THE
COLORADO RIVER INDIAN TRIBES
UNDER SELF-DETERMINATION
CONTRACT NO. 1450CTH51T60325**

REPORT NO. 97-I-1100
AUGUST 1997



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL

Washington, D.C. 20240

AUG 22 1997

MEMORANDUM

TO: The Secretary

FROM: Wilma A. Lewis
Inspector General

SUBJECT SUMMARY: Final Survey Report for Your Information - "Management of Agricultural Leases by the Colorado River Indian Tribes Under Self-Determination Contract No. 1450CTH51T60325" (No. 97-I-1100)

Attached for your information is a copy of the subject final survey report. The objective of the survey was to determine whether the Colorado River Indian Tribes managed agricultural leases for individual Indian landowners on the Colorado River Indian Reservation in accordance with contract, Code of Federal Regulations (25 CFR 162), and lease requirements.

We concluded that the Tribes effectively managed agricultural leasing on the reservation. Specifically, they: (1) identified lands that were suitable for agriculture; (2) ensured that lands available for leasing were known to prospective lessees; (3) initiated actions in a timely manner to ensure that expiring leases were reissued without a loss of revenue to the landowners; (4) ensured that fair annual rentals were realized (based on appraisal value and advertisement for bids) for the leased lands; (5) required direct rental payments to individual allottee landowners and assignees by the lessees; (6) assessed interest when rentals were paid late; (7) took appropriate actions to cancel leases when warranted by the circumstances; and (8) enforced bonding requirements stipulated in the leases. We based these conclusions on our audit test of 32 randomly selected active leases and 12 leases that expired on December 31, 1996. The report did not contain any recommendations.

We commended the Colorado River Indian Tribes for their management of the agricultural leasing program and appreciate the assistance of Bureau staff at the Phoenix Area Office and the Colorado River Agency Office, as well as Tribal personnel, in the conduct of this survey.

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

AUG 22 1997

SURVEY REPORT

Memorandum

To: Assistant Secretary for Indian Affairs

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

Subject: Survey Report on Management of Agricultural Leases by the Colorado River Indian Tribes Under Self-Determination Contract No. 1450CTH51T60325 (No. 97-I-1100)

INTRODUCTION

This report presents the results of our survey of agricultural leases managed by the Colorado River Indian Tribes under the Bureau of Indian Affairs self-determination Contract No. 1450CTH51T60325. The objective of the survey was to determine whether the Tribes managed agricultural leases for individual Indian landowners on the Colorado River Indian Reservation in accordance with contract, Code of Federal Regulations (25 CFR 162), and lease requirements.

BACKGROUND

The Colorado River Indian Tribes consist of four tribes: Mojave, Chemehuevi, Hopi, and Navajo. The Tribes have a membership of approximately 3,100, which includes about 1,800 members that reside on a reservation near Parker, Arizona. The reservation comprises about 270,000 acres of tribal and allotted lands, of which approximately 85,000 acres are leased for agricultural purposes.

In 1990, the Tribes assumed responsibility for the real estate services program from the Bureau of Indian Affairs Colorado River Agency under an Indian self-determination contract for real estate services and natural resources programs. A follow-on contract was awarded on September 15, 1994, and was effective from that date through December 31, 1996, at a total cost of \$471,261. Under the terms of the contract, the Tribes assumed all functions and technical aspects of the Bureau's real estate services program, which includes acquisition and disposal of land, surface and subsurface leasing and permitting, rights-of-way administration, trespass enforcement, litigation, and contractual compliance. A February 8, 1997, resolution

of the Tribes specified that they planned to contract for real estate services through 1999 but had not submitted a proposal at the time of our review in April 1997.

As of December 31, 1996, there were 421 active agricultural leases on the reservation, with annual rents for these leases totaling \$8.1 million.

SCOPE OF SURVEY

Our survey was conducted 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 leasing activities that occurred during 1996. Survey work was performed at the **offices** of the Colorado River Agency and the Colorado River Indian Tribes, both in Parker, Arizona. Our survey did not include a review of : (1) costs incurred by the Tribes under the latest contract because such costs are included in the audits performed in accordance with the Single Audit Act of 1984 or (2) the natural resources programs because those programs were outside the scope of the survey.

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, 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 on agricultural leasing by the Tribes.

RESULTS OF SURVEY

We concluded that the Colorado River Indian Tribes effectively managed agricultural leasing on the reservation. Specifically, the Tribes: (1) identified lands that were suitable for agriculture; (2) ensured that lands available for leasing were known to prospective lessees; (3) initiated actions in a timely manner to ensure that expiring leases were reissued without a loss of revenue to the landowners; (4) ensured that fair annual rentals were realized (based on appraisal value and advertisement for bids) for the leased lands; (5) required direct rental payments to individual **allottee** landowners and assignees by the lessees; (6) assessed interest when rentals were paid late; (7) took appropriate actions to cancel leases when warranted by the circumstances; and (8) enforced bonding requirements stipulated in the leases. We based these conclusions on our audit test of 32 randomly selected active leases and 12 leases that expired on December 31, 1996.

Since this report does not contain any recommendations, a response 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 Colorado River Indian Tribes for their management of the agricultural leasing program and appreciate the assistance of Bureau staff at the Phoenix Area Office and the Colorado River Agency **Office**, as well as Tribal personnel, in the conduct of this survey.

cc: Tribal Council Chairman, Colorado River Indian Tribes

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