PERFORMANCE AUDIT

COMMISSION OF INDIAN AFFAIRS

Report to the Arizona Legislature
By the Auditor General
March 1988
88-3

DOUGLAS R. NORTON, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

LINDA J. BLESSING, CPA
DEPUTY AUDITOR GENERAL

March 29, 1988

Members of the Arizona Legislature
The Honorable Rose Mofford, Acting Governor
Mr. Edgar Walema, Chairman
Arizona Commission of Indian Affairs

Transmitted herewith is a report of the Auditor General, a Performance Audit of the Arizona Commission of Indian Affairs. This report is in response to a June 2, 1987, resolution of the Joint Legislative Oversight Committee.

The report discusses improvements in the Commission's efforts to address State-Tribal issues. We found that since our previous report, the Commission has attempted to address each of its statutory duties. However, the Commission still needs to exercise stronger leadership to function effectively.

My staff and I will be pleased to discuss or clarify items in the report.

Sincerely,

Douglas R. Norton

Douglas R. Norton
Auditor General

Staff: William Thomson
Mark Fleming
Martha Dorsey
Kurt Schulte
Lucinda Trimble

cc: Mr. Tony Machukay
Acting Executive Director

SUMMARY

The Office of the Auditor General has conducted a performance audit of the Arizona Commission of Indian Affairs in response to a June 2, 1987, resolution of the Joint Legislative Oversight Committee. This performance audit was conducted as part of the Sunset Review set forth in Arizona Revised Statutes §§41-2351 through 41-2379.

The Commission of Indian Affairs was established in 1953, and is charged with serving as liaison in issues involving the State and its tribes. The Commission consists of 15 members: seven represent Arizona Indians; two represent Arizona at large; and six are ex-officio members, including the Governor, the Superintendent of Public Instruction, the Attorney General, and directors of the Departments of Transportation, Health Services and Economic Security or their representatives.

The Arizona Commission of Indian Affairs Has Improved Its Performance, But Needs To Exercise Stronger Leadership

The Commission has made improvements since our 1985 audit. It has made attempts to address each of its new statutory duties, and has begun to actively identify and address State-tribal issues. For example, the Commission held its first meeting between tribal, legislative and Commission representatives to discuss mutual concerns. As another example, the Commission reinstated its Inter-departmental Committee on Indian Affairs to encourage contact among Indian-related State agencies and tribes on State-Indian issues and concerns. The Commission also cosponsored a Water and Land Resources Symposium to address key issues identified through a survey of tribal leaders.

Although the Commission has taken a step forward in addressing major issues, it needs to exercise stronger leadership to effectively function as a State-tribal liaison. A major weakness in the Commission's leadership is its lack of adequate follow-through. For example, the Interdepartmental Committee meetings have been informal sessions with little structure and no apparent outcomes. Weak leadership is also evident in its limited contact with tribal governments. The Commission staff meets with slightly more than half of the 20 tribes annually, and does not contact all tribes for its annual survey.

Two problems must be corrected before the Commission can significantly strengthen its leadership. First, the Executive Director position and several Commission member appointments have been vacant for an extended time. Second, Commission staff travel funds are insufficient to allow for adequate tribal contact.

TABLE OF CONTENTS

	Page
INTRODUCTION AND BACKGROUND	1
SUNSET FACTORS	5
FINDING I: THE ARIZONA COMMISSION OF INDIAN AFFAIRS HAS IMPROVED ITS PERFORMANCE, BUT NEEDS TO EXERCISE STRONGER LEADERSHIP	9
Results of Previous Audit	9
Commission of Indian Affairs Has Improved	10
Commission Leadership Is Still Limited	12
Corrections Needed To Strengthen Leadership	13
Recommendations	15
OTHER PERTINENT INFORMATION	17
AGENCY RESPONSE	21

LIST OF TABLES

TABLE 1	ACTUAL AND ESTIMATED EXPENDITURES FISCAL YEARS 1984-85 THROUGH 1987-88	2

INTRODUCTION AND BACKGROUND

The Office of the Auditor General has conducted a performance audit of the Arizona Commission of Indian Affairs in response to a June 2, 1987, resolution of the Joint Legislative Oversight Committee. This performance audit was conducted as part of the Sunset Review set forth in Arizona Revised Statutes (A.R.S.) §§41-2351 through 41-2379.

Commission Role and Purpose

The Commission of Indian Affairs was established in 1953 to consider and study conditions of Arizona's Indian citizens. The Commission's 1986-87 annual report states that approximately 244,600 Indians live in Arizona on 20 different reservations. The land held by Arizona Indians and tribes amounts to more than one-quarter of the State's total acreage.

In April 1986 the Commission's purpose and duties were more clearly specified by H.B. 2064, which revised A.R.S. §41-542. The statute now directs that the Commission shall assist State and Federal agencies to help the tribes develop mutual goals and to design projects for achieving these goals. It also requires the Commission to serve as an information source, and to facilitate and coordinate activity among State, Federal and tribal agencies.

Budget and Personnel

The Commission consists of 15 members: seven Indian and two non-Indian members appointed by the Governor, and six members who serve by virtue of their office. The ex-officio members include: the Governor, the Attorney General, the Superintendent of Public Instruction, the director of the Department of Health Services, the director of the Department of Transportation, and the director of the Department of Economic Security, or their representatives. The Executive Director of the Commission is appointed by the Governor. [1]

---

(1) Prior to the 1986 revisions, the Executive Director was appointed by the Commission.

The Commission is required to meet quarterly with additional meetings held as needed. The Commission is funded for four full-time equivalent employees (FTE), but currently employs only three staff: a field coordinator who is serving as acting director, an administrative assistant, and an administrative secretary. The Executive Director position has been vacant since January 1987.

The Commission's expenditures for fiscal years 1984-85 through 1987-88 are summarized below.

Table 1

ACTUAL AND ESTIMATED EXPENDITURES
FISCAL YEARS 1984-85 THROUGH 1987-88
(Unaudited)

	Actual 1984-85	Actual 1985-86	Actual 1986-87	Estimated 1987-88
FTE	4	4	4	4
Personal Services	$ 98,900	$ 104,700	$ 98,315	$ 112,400
Employee Related Expenditures	21,000	21,400	19,553	24,100
Other Operating	8,300	16,700	20,349	19,300
Travel In-state	6,300	4,700	5,339	9,600
Travel Out-of-state	-0-	700	-0-	-0-
Equipment	-0-	-0-	-0-	-0-
	$ 134,500	$ 148,200	$ 143,555	$ 165,400

Source: Commission of Indian Affairs budget requests and Joint Legislative Budget Committee appropriation reports.

Audit Scope and Objectives

Our audit of the Arizona Commission of Indian Affairs focused on the following two areas.

- Whether the Commission's effectiveness improved since our previous audit
- Whether the Commission's organizational structure needs to be changed

Our audit was conducted in accordance with generally accepted governmental auditing standards.

The Auditor General and staff express their appreciation to the members of the Commission and staff and the tribal officials for their cooperation and assistance during the audit.

SUNSET FACTORS

1. **The objective and purpose in establishing the commission**

The Commission's objective and purpose can be inferred from its statutory duties, which require the Commission to act as the State's liaison in State-tribal concerns. Arizona Revised Statutes §41-542 states, in part:

"A. The commission shall assist and support state and federal agencies in assisting Indians and tribal councils in this state to develop mutual goals, to design projects for achieving goals and to implement their plans. The commission shall also:

1. Assemble and make available facts needed by tribal, state and federal agencies to work together effectively.

2. Assist this state in its responsibilities to Indians and tribes of this state by making recommendations to the governor and the legislature.

3. Confer and coordinate with officials and agencies of other governmental units and legislative committees regarding Indian needs and goals. . . ."

2. **The effectiveness with which the Commission has met its objective and purpose and the efficiency with which the Commission has operated**

The Commission has improved its effectiveness since our 1984-85 audit. Because statutory revisions clarified direction of the Commission, it was able to gear many activities toward complying with its new statutory responsibilities. Also, the Commission has begun to address major Indian issues in the State, by surveying the tribes and consulting with governmental agencies to identify the issues.

However, we determined that the Commission needs to exercise stronger leadership in order to improve its effectiveness. Problems that will need to be corrected before the Commission can effectively strengthen its leadership include the absence of an Executive Director, Commission vacancies and inadequate funding for staff travel (see Finding, page 9).

3. **The extent to which the Commission has operated within the public interest**

The Commission has operated in the public interest by striving to meet its statutory requirement to act as liaison and by beginning to address major State-Tribal issues. This represents an improvement over its performance at the time of our 1984-85 audit. At that time, we determined that the Commission was not addressing major State-tribal issues or otherwise fulfilling its liaison role. As a result, the Commission's statutes were revised to more clearly specify its role in addressing major issues.

However, the Commission could improve its ability to address the public interest by exerting stronger leadership. To do so, the Commission should follow through on projects it has begun, and should maintain more frequent contact with the tribes (see Finding, page 9).

4. **The extent to which rules and regulations promulgated by the Commission are consistent with the legislative mandate**

This factor is not applicable since the Commission has not promulgated any rules or regulations.

5. **The extent to which the Commission has encouraged input from the public before promulgating its rules and regulations and the extent to which it has informed the public as to its actions and their expected impact on the public**

This factor is not applicable since the Commission has not promulgated any rules or regulations.

6. **The extent to which the Commission has been able to investigate and resolve complaints that are within its jurisdiction**

This factor is not applicable since the Commission is not a regulatory agency.

7. **The extent to which the Attorney General or any other applicable agency of State Government has the authority to prosecute actions under enabling legislation**

This factor is not applicable since the Commission is not a regulatory agency.

8. **The extent to which the Commission has addressed deficiencies in the enabling statutes which prevent it from fulfilling its statutory mandate**

The Commission was influential in the 1986 revisions to its statutes. In March 1985 the Commission conducted a hearing to solicit tribal perceptions of the Commission's role. The Chairman appointed a Program Planning Committee to analyze comments and recommendations from the tribes and prepare a proposal outlining the means to make the Commission stronger and more effective. Included in this proposal was a draft of proposed changes to the Commission's statutes. These proposed changes were essentially adopted, with the addition that the Executive Director shall be appointed by the Governor.

9. **The extent to which changes are necessary in the laws of the Commission to adequately comply with the factors listed in the Sunset Law**

Based upon our audit work, no changes are necessary in the Commission's Statutes.

10. **The extent to which the termination of the Commission would significantly harm the public health, safety or welfare**

Termination of the Commission would not significantly harm the public health, safety or welfare. However, the Commission's role is a potentially valuable

one. In our 1984-85 audit we identified a need for active State involvement in the resolution of State-tribal concerns. Overlapping legal questions and frequent interactions of State and tribal governments create a need for improved coordination and communication between the governments. Survey comments obtained during the current audit reaffirm this need.

11. **The extent to which the level of regulation exercised by the Commission is appropriate and whether less or more stringent levels of regulation would be appropriate**

This factor is not applicable since the Commission is not a regulatory agency.

12. **The extent to which the Commission has used private contractors in the performance of its duties and how effective use of private contractors could be accomplished**

The Commission has not used the services of a private contractor since our previous audit. We found no apparent need for the Commission to use private contractors at this time.

FINDING I

THE ARIZONA COMMISSION OF INDIAN AFFAIRS HAS IMPROVED ITS PERFORMANCE, BUT NEEDS TO EXERCISE STRONGER LEADERSHIP

Although the Commission of Indian Affairs has made significant efforts to improve its performance since our 1985 audit, stronger leadership is needed to address State-tribal issues. The Commission has improved its effectiveness with State agencies and tribal governments in some areas, but the Commission's involvement is still limited. Lack of appointments to the Commission and limited travel funds appear to reduce the Commission's ability to provide active leadership.

Results of Previous Audit

In our previous audit we determined that the Commission was not fulfilling its appropriate role. At that time, we determined that the State needs a liaison in addressing important State-tribal concerns. However, we found that the Commission was not addressing important State-tribal issues at the time, nor was it serving actively as liaison between the State and tribes.

We therefore recommended that the Legislature clarify the laws of the Commission to give more direction as to its role.[1] As a result, in April 1986 the Commission's statutes were revised to more specifically define its liaison role in addressing major issues. Specifically, Arizona Revised Statutes (A.R.S.) §41-542 states:

> The Commission of Indian Affairs shall assist and support State and Federal agencies in assisting Indians and tribal councils to develop mutual goals, to design projects for achieving goals and to implement their plans.

---

(1) We also recommended that the Commission be terminated and replaced with an Indian affairs office within the Governor's Office to provide increased authority, visibility and policy direction needed to resolve State-tribal issues. (See Other Pertinent Information on page 17 for further discussion.)

The Commission shall also:

1) Assemble and make available facts needed by Tribal, State and Federal agencies to work together effectively.

2) Assist this state in its responsibilities to Indians and tribes of this state by making recommendations to the Governor and the Legislature.

3) Confer and coordinate with officials and agencies of other governmental units and legislative committees regarding Indian needs and goals.

4) Work for greater understanding and improved relationships between Indians and non-Indians by creating an awareness of the legal, social, and economic needs of Indians in this state.

5) Promote increased participation by Indians in local and State affairs.

6) Assist tribal groups in developing increasingly effective methods of self-government.

Commission of Indian Affairs Has Improved

The Commission of Indian Affairs has improved its performance since the previous audit. It has made attempts to address each of its new statutory duties, and has begun to address major State-tribal concerns.

A review of the Commission's activity files from fiscal year 1985-86 through December 1987 revealed that the Commission has attempted to meet each of its newly revised statutory requirements. Following are six examples of the Commission's attempts to address its statutes.

- Meeting with Legislators - In September 1985 the Commission held its first meeting with tribal, legislative and Commission representatives to enable each of the various groups to discuss mutual concerns. Ten legislators, seven tribal leaders and seven commissioners attended.

- Workshop on Legislative Process - This workshop, held in February 1986, was the first attempt by the Commission to give tribes the opportunity to gain knowledge on the legislative process and have input on proposed laws that

affect all citizens of the state. Representatives from 19 tribes attended the workshop. Items discussed included the State legislative process, working with district legislators, the Federal budget, and impacts of State and Federal legislation.

- Interdepartmental Committee on Indian Affairs - The Commission reinstated this committee in October 1986 to create awareness and better understanding of State and Indian intergovernmental problems at the State level, and to encourage dialogue among Indian-related State agencies and tribes on State-Indian issues and concerns. The committee consists of 14 state agency representatives, six of whom are Commission members. However, meetings are open to anyone interested in attending. Also, the Commission plans to invite at least one tribal representative to each meeting. The committee has met five times in the past year and has discussed several major Indian issues such as water resources, tourism, jurisdictional problems, game and fish law enforcement, and health care.

- Water and Land Resources Symposium - This symposium was the Commission's first attempt since 1979 to address current water resources and economic development issues. Held in October 1987, the purpose of the symposium was to discuss Indian water rights, economic development on the reservations, and the management of resources on the reservations in Arizona. Seventeen tribal leaders attended and made presentations regarding water resource issues within their tribes. Also present were state officials from the Departments of Water Resources, State Land, Health Services and Transportation. The Governor was the keynote speaker. According to a Department of Water Resources official, the symposium was well received by the Indian community, and has already had some positive outcomes since the Department has received requests for assistance in the areas of economic development and water rights. In addition, as a result of the symposium, the Department is beginning negotiations to settle water right claims with one tribe, as an alternative to court proceedings.

- Major issues and concerns report - This annual report, based on a survey of tribal leaders and consultation with government agencies, identified major issues and concerns intending to alert State policy makers and administrators on current issues of particular concern to Arizona Indians. The Commission has completed reports for each of the fiscal years from 1985-86 through 1987-88. Some of the issues that have been identified in the reports include economic development, water resources, jurisdiction, health and education.

- Tribal Directory - The Tribal Directory is a continuing project, annually updated by Commission staff. In our previous audit, we noted the Directory was one Commission project that addressed State-tribal issues to some degree. The Directory continues to be highly valued by the various people who use it. The purpose of the Directory is to enhance communications and foster working relationships by providing contact information on tribal governments, Indian associations and Arizona agencies that have frequent contact with the tribes. The individuals and groups that receive the directory consider it to be very informative, a valuable networking resource and highly useful in providing key information regarding elected Indian officials, Indian centers and Indian organizations.

In fulfilling its statutory duties, the Commission has begun to actively identify and address State-tribal issues. The Water and Land Resources Symposium, mentioned previously, arose from a survey of tribal leaders and a Commission directive to identify and address major issues. The Commission plans to address additional issues in the current and upcoming fiscal years. For example, by December 1988, the Commission plans to engage specialists in the field of economic development to provide information regarding Arizona's economic system as it impacts Indian communities. The Commission plans to conduct a symposium on such issues in the future. In addition, by April 1989 the Commission plans to compile data to identify potential inequities in health and educational services being provided to Indians. Results of the examination will be published and distributed. The Commission could then work with the appropriate agencies to address any inequities found.

A survey of tribal officials conducted by Auditor General staff further indicated that tribal officials have become more satisfied with the Commission's performance. Over half of the officials surveyed rated the Commission's overall performance as either good or excellent. Many of the officials said the Commission provided good information and was cooperative with their requests for assistance. Twelve of the 18 officials surveyed indicated that the Commission was active in its role and two officials felt it was becoming more active.

Commission Leadership Is Still Limited

While the Commission has taken a step forward in addressing major issues, it needs to exercise stronger leadership to effectively function as a State-tribal liaison. Specific weaknesses in the Commission's activities include lack of follow-through and limited contact with the tribes.

The Commission tends to undertake activities without adequate follow-through. For example, the five Interdepartmental Committee on Indian Affairs meetings held to facilitate discussion among State agency representatives regarding Indian-related issues have been informal sessions with little structure. A review of committee meeting summaries found that no specific outcomes resulted from the meetings, and items of significant importance discussed in one meeting are not continued in subsequent meetings. As another example, the meeting between State legislators

and tribal leaders was a one-time occurrence, and was basically a nonstructured, "get-acquainted" session. Finally, although the Commission publishes a newsletter during the legislative session, it does not sufficiently explain legislative bills or describe their potential impact on Arizona tribes and reservations. [1]

Second, although tribal contact is vital in carrying out its liaison role, the Commission's contact with tribes is limited. Direct personal contact is necessary to ensure open and active communications between the Commission and the tribes. However, the Commission itself is a limited means of direct contact with the tribes since there are only seven Indian members on the Commission, and yet there are 20 tribes. Moreover, in fiscal year 1987 the Commission staff personally met with only 12 of the 20 tribal leaders. Other contact is also limited. Not all tribes are contacted when the Commission conducts its annual survey for major issues and concerns. Further, the Commission disseminates information to the tribes in a newsletter format only five months of the year. Our survey of State officials, Commission members and tribal officials revealed that frequent contact with the tribes is needed to establish better lines of communication and increased exposure for all of the tribes. Moreover, the Acting Executive Director indicated that tribal leaders have asked him to visit to discuss current issues. Since the Commission's role is that of liaison between the State and the tribes, continuous contact is important.

Corrections Needed To Strengthen Leadership

Two problems must be corrected before the Commission can significantly strengthen its leadership.[2] First, the Executive Director position and several Commission member appointments have been vacant for an extended time. Second, Commission staff travel funds are insufficient to allow for adequate tribal contact.

---

(1) When legislation particularly affects a tribe or group of Indians, the Commission will review and analyze it in greater detail. For example, the Commission analyzed legislation on luxury use taxes on reservation smokeshops during several legislative sessions, most recently in 1986. Commission staff stated that they would like to do more in-depth analyses, but cannot do so at the current staffing level.

(2) A third problem, upon which the Commission spent much time and effort in the past, involved addressing issues brought up in our previous audit and defending its existence as an agency when the Governor's Executive Budget Office (EBO) recommended zero funding for the current fiscal year. This problem appears to have been resolved and EBO has recommended funding the Commission for the coming fiscal year.

Failure to make appointments - Lack of strong leadership has resulted primarily because an Executive Director and several Commission members were not appointed. The Executive Director position has remained vacant since the previous Director resigned in January 1987. In our survey of commissioners, State officials and tribal leaders, several of these individuals considered the absence of a permanent Executive Director a detriment to the Commission. In addition, other individuals interviewed outside of the survey, such as legislators, a budget analyst and the Intertribal Council, said the absence of a strong Executive Director limited the Commission's ability to provide active leadership.

Furthermore, vacant Commission member seats have impeded the Commission's ability to take action on policy issues. The Commission has been lacking appointments for two of its seven Indian members for over a year, and in one case for two years. Three additional Indian members' terms (including the Chairman and Vice Chairman of the Commission) and the terms of two non-Indian members have recently expired. In total, there were eight vacancies as of January 1988. As a result, several of the commissioners are serving beyond their terms. According to individuals within the Commission, this has caused problems because the current members have come to show little enthusiasm or interest in attending Commission meetings.

Travel funds - The staff travel fund appears insufficient to allow for frequent visits with the tribes on the reservations. Although the Commission's total travel budget for 1987-88 was $9,600, almost 90 percent of the budget was allocated for Commissioner travel. According to Commission staff, they are not able to visit all the tribes on a budget of approximately $1,000. For example, seven tribes were visited in the first six months of the current fiscal year at a cost of $500, or half the staff's travel budget for the year. Additional funds would provide the ability to meet with all of the tribes at least once a year and some tribes a second or third time.

While Commission memberships are vacant, some additional funds may be available to staff. Until appointments are made and more Commission members attend the meetings, use of existing travel funds could be improved. In fiscal year 1986-87, the Commission reverted more than $2,100 to the General Fund because

several Commissioners failed to attend Commission meetings. Halfway through the current fiscal year, approximately 80 percent of the Commission members' travel budget had not been expended. To avoid reversion of travel funds that were actually needed for staff travel, the Commission could analyze its in-state travel budget every quarter. Any money remaining in the in-state travel budget at the end of a quarter due to the lack of Commission member attendance could be used for staff travel. However, once vacancies are filled and commissioner travel increases, additional funds will be needed for staff travel.

RECOMMENDATIONS

1. To further enhance its effectiveness, the Commission should:

   A. Follow through on some of its activities already undertaken. For example, the Commission could:

   - Develop formal agendas of areas for discussion for Inter-departmental Coordinating Committee meetings.
   - Schedule periodic meetings between legislators and tribal leaders.
   - Analyze the impacts various legislation may have on Arizona reservations.
   - Publish and distribute a newsletter to the tribes throughout the year.

   B. Meet with tribal leaders on the reservations more regularly.

2. The Governor should appoint an Executive Director to the Commission and promptly fill vacant Commission member appointments.

3. The Commission should request additional funds for staff travel. However, until Commission members begin regularly attending meetings, the Commission should analyze its in-state travel budget for commissioners every quarter to maximize use of travel funds. Any money remaining in the in-state travel budget at the end of each quarter could be used, if necessary, for staff travel purposes.

OTHER PERTINENT INFORMATION

During the course of our audit we examined information regarding the Commission's organizational structure and placement. Specifically, we reviewed whether the Commission's function should be placed in the Governor's Office or remain a freestanding agency. We found that arguments can be made for either alternative, and the success of the Commission appears to depend more on the leadership of the Commission and its staff than on its organizational structure.

Previous Audit Recognized Need And Recommended Structural Changes

Our previous audit identified a need for an agency in State government to address the intergovernmental issues that arise among the State and the 20 tribal governments. Overlapping legal questions, responsibilities and the frequent interactions of State and tribal governments create a need for improved coordination and communication between the governments. Recent discussions with tribal chairmen, State officials, the Executive Director of the Intertribal Council and commissioners reaffirmed the need for a State-level liaison between the tribes and the State.

In our previous audit we recommended that the Commission's function be placed within the Governor's office to improve its effectiveness. The Commission itself would be terminated and replaced with an Indian affairs office with a director reporting to the Governor. We reasoned that such a restructuring would increase the influence of the Commission, improve its visibility, and strengthen the leadership of Indian affairs in Arizona. The Commission argued that this would make it too political and would lessen its authority.

Placement in Governor's Office

Several individuals surveyed by our Office feel that the State-tribal liaison function would be more effectively carried out if the designated agency had a closer tie with the Governor's Office. One state official, two tribal chairmen and one Commission

member we surveyed felt that the function should actually be under the auspices of the Governor's Office. According to one, the Commission is too isolated as it is now organized. Another stated that the Commission has never been effective, and that direct contact with the Governor's Office is the only reliable means of problem resolution. Reasons given by the other two were that the Commission is "geared for failure" as it is currently structured, and that the function should be in the Governor's Office to "be closer to the top."

In addition to these four, several other State officials, tribal chairmen and Commissioners we contacted felt that a stronger relationship with the Governor's Office would be beneficial. The policies developed by the Governor's Office can directly impact the tribes, and the Commission should be there to represent the Indian interest. In addition, the Executive Director of the Commission on State-tribal Relations supports this opinion, since any state Indian affairs function needs strong support from the Governor's Office to succeed.

Freestanding Agency

Although some of the people surveyed were dissatisfied with the Commission's current structure, many felt its organization and structure were effective in fulfilling the State-tribal liaison function. Most tribal chairmen and commissioners feel that the Commission is assuming an active role and has improved in recent years. They specifically attribute its success in its current structure to greater commitment by the commissioners, better quality information being provided, and the fact that the Commission now operates from a work plan.

Moreover, three tribal chairmen feel that placement of the function in the Governor's Office would be detrimental to the function's effectiveness. They feel that the environment of the Governor's Office would be too political and biased. According to one chairman, the Governor's Office has its own agenda, and addressing Indian affairs would be a low priority.

Leadership is More Important Than Organizational Structure

Our audit work indicates that strong leadership, and not organizational structure, appears to be the key factor in determining the success of the State-tribal liaison function. On the one hand, improvements have occurred which suggest that the Commission may be able to function effectively as a freestanding agency. Statutory changes have given the Commission a more specific role and additional representation. Also, the Commission has improved its performance and has begun to address major State-tribal issues (see Finding, page 9).

Furthermore, the improvements still needed relate to the Commission's lack of leadership, not its structure. Leadership components lacking include failure to follow through on activities and infrequent tribal contact (see Finding, page 9). As discussed in the Finding, survey comments from all State officials as well as some of the tribal chairmen point to lack of leadership as one of the Commission's biggest problems.

ARIZONA COMMISSION OF INDIAN AFFAIRS

1645 WEST JEFFERSON • PHOENIX, ARIZONA 85007

March 21, 1988

Mr. Douglas R. Norton, Auditor General
2700 N. Central Avenue, Suite 700
Phoenix, Arizona 85004

Dear Mr. Norton;

After careful review of your Preliminary Report Draft on the performance audit of our agency, we would like to commend you and your staff for the timeliness in which your Report was completed. However, while we agree that the Commission needs to improve in certain areas, it is our opinion that several statements of the Report should be clarified. We would like to refer you to the following finding of the Report:

"THE ARIZONA COMMISSION OF INDIAN AFFAIRS HAS IMPROVED ITS PERFORMANCE, BUT NEEDS TO EXERCISE STRONGER LEADERSHIP"

Under this heading, the words "limited contact" on pages 12 and 13 should include the fact that while face-to-face meetings with tribal leaders are "limited," much contact is made despite a shortage of staff, through other forms of communication based on our office records; these include: (a) volume of mailings to tribes, and (b) number of telephone calls logged to and from tribes (see attached Appendix A).

Another statement under the above finding that should be clarified so that the performance of our Commission is fairly represented pertains to the Auditor's observation that "...although the Commission publishes a newsletter during the legislative session, it does not explain legislative bills or describe their potential impact on Arizona tribes and reservations." Ironically, this matter was hardly mentioned in the last audit of the Commission three years ago, even though the Commission has been providing summaries and brief explanations of selected legistive bills to Arizona Indian tribes for years as an ongoing activity. As our staff reported to you before in writing, more than 900 bills are reviewed by our agency prior to and during the legislative session. Nevertheless, with a current staff of only three persons, our staff has been able to not only provide an analysis of certain bills of interest to tribes, but to track these bills on a weekly basis through its legislative course in both houses of the State Legislature.

As you may have noted, the above comments are essentially those contained in a previous letter sent to you on March 3, 1988. The letter was signed by

Mr. Douglas Norton

March 3, 1988

our Commission Chairman, Edgar B. Walema, and the undersigned Acting Director of our agency and represents the views of our Commission.

We would like to thank you again for inviting a response from our agency to your findings and hope that with the above comments, your Report will eventually prove to be a conduit for improving the conduct of Commission programs, and its accountability to all of the State's citizens.

Respectfully submitted,

Edgar B. Walema, Chairman

Tony Machukay

Tony Machukay, Acting
Executive Director

AM:tm
encl. - APPENDIX A

ARIZONA COMMISSION OF INDIAN AFFAIRS

FISCAL YEAR 1987-1988:

TRIBAL CONTACTS THROUGH MAILINGS:

- Memorandum relative to Planning Session Summation for the Tribal Land and Water Symposium.
- Personal letters of invitation with copy of Land & Water Symposium Tentative Agenda.
- Memorandum of appreciation for participation in the Land & Water Symposium.
- Memorandum explaining and enclosing a Veterans Administration Advisory Committee on Native Americans report for comments prior to finalization and submission to the Congress requesting action be taken on various Indian veteran concerns and issues.
- Memorandum relative to Commission appointments. Asking for the submission of tribal names for the Governor's consideration.
- Cover memorandum relative to the Commission's quarterly Business Meeting along with Tentative Agenda and pertinent materials.
- Memorandum encouraging tribal leaders to submit names of those interested in the Executive Director's position.
- Memorandum encouraging participation in the Environmental and Health Department Conference - details given.
- Capitol Drumbeat Newsletters (6 issues).
- Annual Report.
- Tribal Directory Information Questionnaires.
- Tribal Directory. (Copies for officers, tribal council members, directors and others).

TRIBAL CONTACTS BY TELEPHONE:

- Telephone calls made by the Commission's staff to Tribal leaders taken from daily call sheets was 152.
- Telephone calls made by the Tribes to the Commission's office as taken from daily call sheets was 271.

FISCAL YEAR 1986-1987:

TRIBAL CONTACTS THROUGH MAILINGS:

- Memorandum relative to the Commission's future.
- Memorandum and 1987 Tribal Directory Forms.
- Personal letters relative to Commission's budget and continuation urging their input as to how they perceive the Commission.
- Memorandum with Tentative Business Agenda for the Commission's quarterly Business Meeting with materials.
- Capitol Drumbeat Newsletters (6 issues).
- Memorandum advising Tribal leaders of the "U. S. Supreme Court Decision Upholding Indian Regulation of Bingo Games."
- Memorandum - Commission Activities Update.
- Memorandum listing legislative committees relative to the Sunset Review along with explanation.
- Memorandum relative to the Commission's history, functions and activities.

(APPENDIX A CONTINUED)

- *Memorandum to tribal leaders advising of EBO's actual recommendations to abolish the office.*
- *Personal letter to the Havasupai Tribal Council with copy of Commission Resolution supporting the Tribe's position with reference to Nuclear Fuels of Denver, Inc. and explaining what the Commission had done in regard to same, with copies to all tribes.*
- *Memorandum along with the Tribal Issues and Concerns Questionnaire.*
- *Memorandum relative to the Director's resignation.*
- *Memorandum and Agenda for the Commission's sponsored State/Tribal/Legislators Seminar on the Legislative Process.*
- *Memorandum advising tribal leaders of state positions on boards/commissions opening and encouraging the submission of tribal names for the Commission to endorse and forward to the Governor for appointment consideration.*
- *Memorandum advising tribal leaders of appointment expirations and encouraging the submission of names for Governor consideration along with a current Commissioner Listing.*
- *Personal letters requesting copy of tribal seals for office records.*
- *Memorandum with Commission Resolution supporting the Indian veterans relative to VA guaranteed home loan program.*
- *Personal letter to Havasupai Tribal Council relative to mining applications of Nuclear Fuels of Denver, Inc..*
- *Personal letters with Concerns questionnaire.*
- *Memorandum with Tentative Agenda for the Commission's quarterly Business Meeting with materials.*
- *Annual Report.*
- *Tribal Directory Information Forms.*
- *Tribal Directory.*
- *Memorandum enclosing Brevity of Arizona Indian Reservations brochure.*
- *Meeting transcripts are sent to the Tribal leaders following each Commission quarterly meeting.*

TRIBAL CONTACTS BY TELEPHONE:

- *Telephone calls made by the Commission's staff to Tribal leaders was 205.*
- *Telephone calls made by the Tribes to the Commission's office was 293.*

FISCAL YEAR 1985-1986:

TRIBAL CONTACTS THROUGH MAILINGS:

- *Personal letter to Chairman Drennan relative to setting up the requested meeting between the Department of Revenue, ADOT and the Attorney General's Office relative to gasoline taxation. Several other tribes were also invited.*
- *Memorandum relative to recreation fees being charged by tribes to non-Indian tourists - questionnaire also sent.*
- *Personal letter to Governor Norris relative to his speaking during the Native American Recognition Week at Wesley Bolin Memorial in which the Commission was in charge of.*
- *Memorandum to Tribal leaders relative to participating in the Native American Recognition Week.*
- *Memorandum with listing of legislators and reservations within districts.*

(APPENDIX A CONTINUED)

- *Personal letters enclosing final copy of Sunset Report.*
- *Memorandum and Tentative Agenda for the Commission's quarterly Business Meeting.*
- *Memorandum requesting the submission of tribal names for Governor consideration in making appointments.*
- *Capitol Drumbeat Newsletters (6 issues).*
- *Memorandum with questionnaire relative to the Commission's makeup and scope of responsibilities.*
- *Memorandum enclosing Sunset Review Response Factors.*
- *Memorandum advising tribal leaders of Auditor General's telephone survey to be conducted - Sunset Review.*
- *Meeting transcripts are sent to the Tribal leaders following each Commission Meeting.*
- *Memorandum with Tribal Directory Information forms.*
- *Tribal Directory.*
- *Annual Report.*

TRIBAL CONTACTS BY TELEPHONE:

- *Telephone calls made by the Commission's staff to the tribes was 260.*
- *Telephone calls made by the Tribes to the Commission's office was 407.*