



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

INVESTIGATIVE REPORT: EMPLOYEES BELIEVED BIE DIRECTOR'S PRESENCE DURING FISCAL MONITORING REVIEW AT FORMER SCHOOL WAS IMPROPER

This is a revised version of the report prepared for public release

SYNOPSIS

We investigated allegations that Bureau of Indian Education (BIE) Director Tony Dearman improperly influenced the findings of a fiscal monitoring review at a BIE-funded boarding school that took place in February 2018. The complainant alleged that Dearman attended the review and told the BIE review team to underreport disallowed costs it found because of Dearman's personal associations with the school. Dearman had previously served as the school's principal and he had family ties to the school.

We found that Dearman, who works at the BIE headquarters in Washington, DC, traveled in February 2018 to visit his family and attended the monitoring team's exit interview with school officials. Eight of the 12 BIE team members and a budget officer said Dearman's presence at the school negatively impacted the fiscal monitoring review, stating his presence was either improper, inappropriate, a conflict of interest, or an appearance of a conflict of interest. Three team members stated that Dearman argued with the team and questioned their findings, but others did not recall this.

We found that neither Dearman nor any other BIE Director had ever attended a fiscal monitoring review at other BIE schools. We did not find evidence, however, that Dearman directed the team on how to report its findings or that the monitoring team changed its findings because of Dearman.

We are providing this report to the Principal Deputy Assistant Secretary – Indian Affairs for any action deemed appropriate.

DETAILS OF INVESTIGATION

We investigated allegations that Bureau of Indian Education (BIE) Director Tony Dearman improperly influenced the findings of a fiscal monitoring review at a BIE-funded boarding school during a BIE fiscal monitoring visit that took place at the school in February 2018. The complainant alleged that Dearman influenced the team's findings because of his personal interest in the school and stated that a BIE budget officer knew that Dearman ordered a member of the BIE monitoring team not to report that the school had misspent special education funds on transportation expenses.

Dearman Attended the Fiscal Monitoring Review

Dearman told us he had served as a principal at the school and that he had family ties to the school. He said he traveled to the school in February 2018 on a personal trip to visit his family. (Dearman works in Washington, DC, while his family lives near the school.) Dearman said he did not travel to the school to attend the monitoring review. We received documentation showing that Dearman's family member had reserved Dearman's flight and paid for it with personal funds.

Dearman confirmed that he traveled near the school in February 2018. He said he went to the school to meet a family member for lunch and then worked from an office on the school's

campus that afternoon. He said that later that day, he participated in the BIE fiscal monitoring team's exit interview with school officials after a school employee invited him. He told us he attended the exit interview because he wanted to observe the progress of financial monitoring practices he had implemented at the BIE.

A school employee stated that Dearman did not travel to the school specifically for the fiscal monitoring review. She said she invited Dearman to the exit interview because he was already on the school's campus. She stated that before she invited Dearman, she had also expressed concerns to him that a BIE monitoring team member had a belittling attitude toward school staff.

Some Team Members Perceived Dearman's Presence as Improper

We interviewed the 12 members of the BIE fiscal monitoring team and a BIE budget officer who assisted the team. Of this group, eight team members and the BIE budget officer believed that Dearman's presence negatively impacted the review, stating that his presence was either improper, inappropriate, a conflict of interest, or an appearance of a conflict of interest. They gave several reasons for their concerns, to include that the fiscal monitoring activities could have uncovered financial mismanagement from Dearman's time as the school's principal, Dearman's family still lived in the area and had personal associations with the school, and Dearman did not want the school to undergo a reduction in force, an issue that BIE school operations employees had previously discussed during a review of the school's budget and expenses. In addition, three of those eight BIE team members said Dearman questioned or disagreed with the team's findings during the exit interview. Four team members, however, said Dearman's presence did not affect them or the team and did not recall him questioning or disagreeing with the team's findings.

A BIE employee who also supervised some of the BIE team members said Dearman's presence at the school during the fiscal monitoring review was inappropriate and a conflict of interest. BIE Deputy Director Bartholomew Stevens said he did not believe Dearman's presence at the school was improper, but "the optics of it went bad because of his relationship with that school."

Dearman denied arguing with the team or questioning its findings and said he spoke up at the exit interview only to ensure the team gave the school accurate information. Dearman told us he did not consult with the U.S. Department of the Interior (DOI) Ethics Office about participating in the exit interview, nor did he consider the optics of his participation at the exit interview.

Principal Deputy Assistant Secretary – Indian Affairs John Tahsuda said he saw no issue with Dearman participating in the fiscal monitoring review or the team's exit interview, nor did he believe that Dearman should have consulted with the DOI Ethics Office before participating.

Dearman's Presence During the Fiscal Monitoring Review Was Unusual

A BIE employee told us the BIE conducted 15 fiscal monitoring reviews in fiscal year (FY) 2017 since Dearman's appointment as the BIE Director and, to date, had conducted 16 fiscal monitoring reviews in FY 2018.

Dearman told us he had never attended fiscal monitoring reviews at any other school since becoming the BIE Director. In addition, no one had ever recalled a previous BIE Director participating in these reviews at this school or at any other BIE school.

No Evidence the Monitoring Team Changed Its Findings Because of Dearman

A BIE budget officer said that after the BIE team completed its review she asked a team member how the review had gone, and the team member replied that Dearman had participated in the exit interview. The budget officer said the team member told her that the team had found disallowed special education costs, but that Dearman had directed the team not to report all these costs. According to the budget officer, the team member said that when they had finished the exit interview, the team planned to report \$200,000 or \$300,000 in disallowed costs instead of the full \$700,000 identified. The budget officer did not recall where or when she had this conversation with the team member but said that other BIE employees were present.

None of the fiscal monitoring team members could confirm the budget officer's claims about what the team member had said, and all said that the team did not change its findings. Several team members told us that the team developed its PowerPoint presentation, which contained the team's initial findings, before knowing that Dearman would be present at the exit interview. The presentation included the team's concerns that the school had spent special education funding on salaries for teacher's aides, the salary of the acting principal, and large commercial buses for student trips to universities. These concerns matched the noncompliance issues the team member also reported to us. The team member estimated the cost of these expenses to be approximately \$250,000.

According to multiple BIE employees, the monitoring team member never said he lowered the disallowed costs or changed the team's findings. The team member also said Dearman's presence did not interfere with or influence the monitoring review, the exit interview, or the team's findings.

Dearman also denied that he influenced the team's findings in any way.

SUBJECT

Tony Dearman, Director (Senior Executive Service), Bureau of Indian Education.

DISPOSITION

We are providing a copy of this report to the Principal Deputy Assistant Secretary – Indian Affairs for any action deemed appropriate.

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