

**REPORT ON AUDIT
OF
ABERDEEN, SOUTH DAKOTA, AREA OFFICE
BUREAU OF INDIAN AFFAIRS
DEPARTMENT OF THE INTERIOR
FOR THE FISCAL YEAR ENDED JUNE 30, 1955**

**UNITED STATES GENERAL ACCOUNTING OFFICE
CIVIL ACCOUNTING AND AUDITING DIVISION**

GAO Wash., D.C.

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON 25, D. C.

Civil Accounting and
Auditing Division

B-118601

JUN 25 1956

Mr. Glenn L. Emmons
Commissioner of Indian Affairs
Department of the Interior

Dear Mr. Emmons:

Herewith is our report on the audit of the Aberdeen, South Dakota, Area Office, Bureau of Indian Affairs, for the fiscal year ended June 30, 1955. During the audit we reviewed selected phases of the organization, procedures, and operations at the locations visited. Among our audit findings we noted certain deficiencies and weaknesses in procedures and internal control and in other matters. We have given consideration to the area office's actions with respect to our report for 1954.

We wish to acknowledge the cooperation given our representatives at each of the locations in the area visited by us. Our findings were reviewed with appropriate area officials during the audit, and in nearly all instances we have been informed that corrective action will be taken. We will be happy to discuss these comments in greater detail with you or members of your organization.

Your comments and advice as to action taken on the matters presented in this report will be appreciated.

Sincerely yours,

E. H. Morse, Jr.
E. H. Morse, Jr.
Director, Civil Accounting
and Auditing Division

Enclosure

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1. Deficiencies in the administration
of individual Indian money accounts

In the report on the Aberdeen Area Office for fiscal year 1954 (item 8, p. 9), we pointed out certain deficiencies in the administration of individual Indian money accounts. Although we noted some improvement during the audit for fiscal year 1955, deficiencies still existed at the locations visited. Most of the deficiencies were due to noncompliance with applicable provisions of the Indian Affairs Manual.

Deficiencies noted during the fiscal year 1955 audit include the following:

a. Disbursements of individual Indian moneys at the Turtle Mountain Consolidated Agency were not always supported by the written application for withdrawal by the individual Indian or approved by the Agency Superintendent as provided by the Indian Affairs Manual (42 IAM 603.03 E(19)(b)). A test-check disclosed six disbursements of this nature.

b. The aggregate of the balances of the individual Indian money accounts at the Winnebago Agency were not in agreement with the balance of general ledger control account at the Area Office. At April 30, 1955, the total of the subsidiary ledger balances was

\$79 greater than the corresponding general ledger control account No. 2224.1, Deposits--Individual Indians and Indian Groups. The subsidiary and control balances have not been in agreement since October 1952.

c. The Aberdeen Area Office has deviated from the prescribed manual procedures for reconciling the aggregate of the individual Indian money account balances maintained by the agencies with the respective Area Office general ledger control account balances. The Indian Affairs Manual (42 IAM 902.04A) requires that deputy special disbursing agents transmit monthly to the Area Office a report of balances of individual Indian accounts on hand at the agencies. This report is to be supported by an adding machine tape listing of the individual accounts. Under this procedure the reconciliation of agency balances with the Area Office control account balances is to be performed at the Area Office.

Contrary to the prescribed procedures, the Area Office submits a report of the applicable general ledger balances to each of the agencies. The agencies are instructed to reconcile their accounting records and confirm the general ledger balances. The Area Office does not request a tape listing of the subsidiary records for their review.

The tape listings of the agencies' individual Indian money subsidiary ledger balances would furnish the Area Office current information for review purposes. Deficiencies in the maintenance of the subaccounts, such as overdrafts, could be readily detected.

d. Current addresses were not maintained for all individual Indian money account owners at the Turtle Mountain Consolidated Agency and at the Winnebago Agency. At the Turtle Mountain Consolidated Agency a test-check of 123 accounts disclosed that current addresses were not on hand for 46 account owners, or about 37 percent of the accounts checked.

e. At the Winnebago Agency semiannual statements were not furnished all individual Indian account owners in accordance with provisions of the Indian Affairs Manual (42 IAM 603.03E(19)(a)).

f. Trust receipts have not been distributed or refunded promptly at the Turtle Mountain Consolidated Agency. There were many old balances in account No. 2224.3, Deposits--Other, a suspense account. The balances included deposits for rights-of-way permit fees, lease bid bonds, telephone attachment charges, and miscellaneous other collections. At May 31, 1955, the balance in the account was \$31,593 and comprised 70 subaccounts. Fifty-five of the subaccounts totaling about \$4,200 had been deposited before 1954. Old balances in account No. 2224.3 were noted also at the Winnebago Agency. These accounts should be analyzed quarterly for the purpose of classifying and transferring or otherwise disposing of those balances on which action should be taken.

g. At the Turtle Mountain Consolidated Agency adequate control procedures for handling individual Indian moneys were lacking. Too many phases of IIM transactions were concentrated in a single employee. The fiscal accounting clerk received the collections, prepared deposit slips, issued checks, recorded receipts and

disbursements in the accounts, and prepared all related reports. The same clerk often received correspondence and prepared replies on inquiries pertaining to individual Indian moneys.

To account properly for moneys held in trust by the Bureau, we recommend that the Area Director require compliance with all the applicable provisions of the Indian Affairs Manual. To strengthen internal procedures for cash transactions, we recommend also that the Area Director require the Area Finance Officer to review existing practices at the agencies and, where necessary, reassign duties to permit separation of responsibilities among various employees.

2. Proper allowances not provided for uncollectible loans

The Indian tribal organizations have not set aside the proper amount of gross earnings from loan operations as an allowance for doubtful and uncollectible tribal loans.

The Government has loaned funds to Indian tribal organizations for the purpose of making loans to individual Indians. Under this plan the tribal organizations control the funds and collect the payments on the individual Indian loans.

The Indian Affairs Manual (47 IAM 505.11) provides in part that:

"Fifty percent of the gross annual earnings shall be set aside for an 'Allowance for Doubtful and Uncollectible Loans', until such allowance equals 25 percent of the Organization's outstanding loans receivable ***, at the close of the Organization's fiscal year."

We noted that the Standing Rock Sioux Tribe had not provided a proper allowance for doubtful and uncollectible loans in fiscal year 1955. The amount provided was \$5,536 whereas the allowance should have been \$6,910 based on 50 percent of gross earnings of \$13,820. The Rosebud Sioux Tribe did not provide any allowance for doubtful and uncollectible loans in fiscal year 1955. The correct amount should have been \$3,980 (50 percent of gross earnings of \$7,960). In neither case did the total allowance for uncollectible loans equal 25 percent of the outstanding loans receivable.

To provide proper protection for the Government loans made to tribal organizations, we recommend that the Area Director take immediate action to require the tribal organizations to establish allowances for doubtful and uncollectible loans in compliance with manual instructions.

3. Inadequate control and use of vehicles

Our audit for fiscal year 1955 disclosed that certain motor vehicles in the Aberdeen Area have been operated for comparatively few miles during the year. Also, vehicle operating records maintained at the agencies have not been submitted to the Area Office for review.

Following are the deficiencies on the control and use of motor vehicles noted during the audit.

a. An analysis of the 70 passenger-carrying vehicles in use at the Turtle Mountain Consolidated Agency, Flandreau School, Winnebago Agency, and the Aberdeen Area Office disclosed that 51 percent were operated less than 10,000 miles during fiscal year 1955. Moreover, some vehicles have been used extensively while others are used very little. For example, of the 8 passenger-carrying vehicles assigned to the educational activities at the Turtle Mountain Consolidated Agency, 3 vehicles were used over 9,000 miles and the remaining 5 vehicles were each used less than 4,300 miles. The total mileage of the 5 vehicles was only 10,630 miles.

b. Operator's Records, Form D1-120, which are used to accumulate monthly information on automotive equipment use at the agencies, have not been submitted regularly to the Aberdeen Area Office for review. At the Menominee Agency, under the jurisdiction of the Aberdeen Area Office for property management purposes, Operator's Records were available only for the months of July 1954 and August 1954 at the time of our audit in June 1955.

To effectively control and use available vehicles, we recommend that the Area Director require that vehicle use reports be

regularly submitted to and reviewed by Area Office personnel.

Based on review of these reports, vehicles found to be in excess of the needs of one agency should be transferred to other agencies, if needed there, or declared excess for disposition in accordance with applicable regulations.

4. Inadequate depreciation rates on roads equipment

Depreciation charges for roads equipment used in the Aberdeen and Minneapolis Areas have been inadequate.

The rate used for depreciating roads equipment such as passenger-carrying automobiles and one-half ton pickup trucks is 1.2 cents a mile. This rate was originally established by the Bureau in September 1939 and is not adequate primarily because it is not based on the current cost of automotive equipment. For example, the maximum purchase price allowable for a passenger-carrying vehicle was \$750 in 1939. Using the established rate of 1.2 cents a mile, the original cost would have been depreciated in about 60,000 miles. In fiscal year 1955 the maximum purchase price allowable was \$1,400. Using the same rate, it would require about 120,000 miles to fully depreciate the cost.

Our audit disclosed also that depreciation is not charged for roads equipment used in the Minneapolis Area. Consequently, the costs of constructing roads in the Minneapolis Area are understated.

To establish more accurate road construction costs, we recommend that the Commissioner have the depreciation schedules, now in use for roads equipment, revised to provide for adequate rates.

We recommend also that the Area Director take the action necessary to have depreciation recorded for roads equipment used in the Minneapolis Area.

5. New quarters evaluations not completed at all agencies

At the time of our field audit in October 1955 new surveys had not been made of all Government-owned quarters in the Aberdeen Area to determine the costs of comparable private housing in the "established community." The new evaluations should have been made within a reasonable time after June 1954. The isolation allowances granted, however, were computed on the distance of the Government housing from the "established community."

On June 11, 1954, the Indian Affairs Manual (43 IAM 506.01(1)) was revised to provide for a sliding scale isolation deduction, based upon the number of miles the Government housing facilities are located from an "established community," to be applied against comparable private housing rates. The revision provided that only "established communities" with a population of 3,000 persons be used for the purpose of selecting comparable private rental dwellings.

The Aberdeen Area Office, on June 14, 1954, requested instructions from the Washington office as to whether the new percentage deductions could be applied against the quarters rental rates then in effect or whether it would be necessary to make new evaluations using communities meeting present population criteria. On June 21, 1954, the Washington office of the Bureau authorized the area to place the new isolation deductions in effect immediately but

requested that new quarters evaluations be completed as soon as practicable.

On October 28, 1955, about 16 months after the instructions were received from Washington, we found that new quarters evaluations had not been completed at three agencies in the Aberdeen Area. The revised isolation allowances, however, were still being applied to the rental rates for comparable private quarters at the "established communities" used by the agencies prior to the revised manual provisions.

At two agencies where new quarters evaluations had been made, using as a basis comparable private housing in communities meeting the 3,000 population criteria, the evaluation resulted in an increase in the rental rates charged by the Bureau. For example, before the manual revision of June 11, 1954, Government quarters at the Winnebago Agency were compared with private housing at Homer, Nebraska, a distance of 7 miles from the Agency, in determining rental rates. At that time the biweekly rental income for all quarters totaled \$628. After the manual revision, when South Sioux City, Nebraska, about 17 miles from the Winnebago Agency, was used as the "established community" for determining the isolation allowance without considering comparable rentals at South Sioux City, the biweekly rentals income was reduced to \$422. As a result of a new quarters evaluation made between July 1954 and November 19, 1954, using comparable private housing at South Sioux City for determining the rental rates, the biweekly rental income was increased from \$422 to \$496.

The rental rates of comparable private housing in the newly "established communities" are usually higher than the comparable rental rates of communities used before June 11, 1954, for determining the isolation allowances. Consequently, the use of isolation allowances based on the distance from the "established community" without adjusting the rental rates to the comparative housing in the "established community" has resulted in loss of rental income to the Government.

Accordingly, we recommend that the Area Director comply with the manual revision of June 11, 1954, and require new quarters evaluations to be made promptly at those agencies that have not yet done so.

6. Unrealistic isolation allowance on Government quarters at Flandreau School

The isolation allowance on Government quarters at the Flandreau School is unrealistic because of the use of Pipestone, Minnesota, as the "established community" for the school.

On June 11, 1954, the Indian Affairs Manual (vol. IV, part III, sec. 506.01(1)) was revised to provide for isolation allowance deductions, ranging from 10 to 80 percent based on monthly shelter rental, depending on the distance of the Bureau's housing facility from an "established community." An "established community" is defined by the manual as "an area of not less than 3,000 population where shopping, recreation, medical, dental, educational, and religious facilities are available." The manual provision previously in effect did not include population criteria in determining an "established community."

Before July 1954 the Aberdeen Area considered the town of Flandreau, South Dakota, population of 2,193 in 1950, as the "established community" for the Flandreau School. The school is located on the outskirts of the town of Flandreau. Based on the manual provisions in effect at that time, occupants of Government quarters at the Flandreau School were not allowed an isolation deduction. Under the revised manual provisions, Flandreau was not considered by the Bureau as an "established community" because the 1950 census showed a population of less than 3,000.

Since July 1954 the "established community" for the Flandreau School is Pipestone, Minnesota, a distance of about 20 miles. Accordingly, the employees at the Flandreau School occupying

Government quarters receive a 55 percent isolation allowance. The use of Pipestone as the "established community" in determining the isolation allowance for the Flandreau School does not appear to be realistic because the town of Flandreau has the necessary facilities and services specified in the manual.

Accordingly, we recommend that the Commissioner consider revising the manual, so that consideration may be given to an area having the required services and facilities but less than 3,000 population in determining an "established community." An isolation allowance would not be warranted at the Flandreau School if the town of Flandreau were considered as the "established community."

7. Unnecessary costs in administering tribal attorney contracts

Considerable administrative work has been performed by the Bureau in the settlement of claims by attorneys for services rendered under tribal attorney contracts.

Tribal attorney contracts are reviewed in the Area Office and approved by the Central Office of the Bureau before payment is authorized. The performance of services by attorneys without Bureau-approved contracts or indefinite contract terms have been the primary causes of unnecessary administrative costs being incurred by the Bureau. For example, the Standing Rock Sioux Tribe contracted informally with an attorney for legal services for 1 year beginning December 1, 1952. The attorney submitted a claim for \$500 in July 1953 for services rendered to the tribe. The tribal council approved payment of the fee on July 15, 1953, but because a formal contract had not been executed and approved by the Bureau, the

Area and Central Offices of the Bureau refused payment of the claim until a contract covering the services rendered was prepared as of March 29, 1955. Payment was finally approved by the Bureau on May 25, 1955. The following actions were performed to finalize the contract and approve the payment:

- 6 tribal meetings and resolutions
- 2 sets of contract papers prepared
- 3 sets of payment vouchers
- 13 letters between the attorney and the tribe
- 5 letters between the attorney and the Area or Agency offices
- 1 letter from the attorney to another attorney proposing legal action
- 14 letters between the Area Office and the Agency
- 19 letters between the Area Office and Commissioner of Indian Affairs
- 3 letters between the Tribe and the Agency or Commissioner
- 1 letter between the Agency and the Commissioner of Indian Affairs
- 2 letters between a Congressman and the Area Office

We noted 14 unpaid vouchers for incidental services claimed by an attorney under the terms of a tribal attorney contract. Payment of these claims is being delayed by the Area Office because the terms of the contract were not specific as to the particular items claimed. The delay has resulted in numerous letters between the attorney and the Bureau.

To reduce administrative costs and to provide for prompt payment of attorney claims, we recommend that the Area Director instruct the tribes on proper contract practices and the necessity of obtaining Bureau approval of the tribal attorney contracts before legal services may be performed. To reduce the possibility of questionable claims, we recommend also that provisions of tribal attorney contracts be specific as to the nature of incidental expenses that will be allowed.

8. Numerous purchase orders for small amounts

During the fiscal year 1955 numerous purchase orders for small amounts were issued by field installations of the Aberdeen and Minneapolis Areas. A similar condition was noted in the report on the Aberdeen Area Office for fiscal year 1954 (item 5, p. 4).

The Aberdeen Area Office is responsible for the procurement activities in both the Aberdeen and Minneapolis Areas. Formal contracts are processed by the Aberdeen Area Office, but a majority of the other purchasing is performed by the agencies.

Bureau records show that during fiscal year 1955 a total of 18,440 purchases were made in both areas of which 2,261 were financed by imprest funds. An analysis of the remaining 16,179 purchases shows the following:

<u>Value</u>	<u>Number</u>	<u>Percentage to total</u>
\$25 or less	5,957	37
\$25 through \$500	6,293	39
Over \$500	315	2
Indefinite quantity contract	<u>3,614</u>	<u>22</u>
Total	<u>16,179</u>	<u>100</u>

Numerous purchases for small amounts were made in both areas. For example, at the Turtle Mountain Consolidated Agency of the Aberdeen Area 1,063 purchases were made for amounts of \$500 or less. About 37 percent of these purchases were for \$25 or less. At the Minnesota Agency of the Minneapolis Area 2,083 purchases were made for amounts of \$500 or less. About 59 percent of these purchases were for \$25 or less.

Imprest cash funds are not used by agencies in the Minneapolis Area. Consequently, a large number of small formal purchase orders are issued by these installations. Imprest cash funds may be used by agencies in the Aberdeen Area for making local purchases of \$50 or less. Because of the large volume of small purchases of \$25 or less at the Turtle Mountain Consolidated Agency, it does not appear that maximum use is being made of the imprest cash fund.

To provide for a more effective and economical procurement program with resultant savings in administrative costs, we recommend (1) that the Area Director require all agencies to plan the purchases of their known supply needs on a periodic basis, instead of purchasing these items as needed, and (2) that the maximum use of the imprest cash funds by agencies in both areas be required for all small local interim purchases.

9. Sale of surplus property without adequate soliciting

Surplus property in the Aberdeen Area has been sold without adequate soliciting of potential buyers in the local area where the surplus equipment is located.

Three items of surplus automotive equipment were offered for sale at the Winnebago agency on bid invitation No. 100-S-39. Bids were solicited from 16 firms and individuals but only one bid was solicited from potential buyers in the local area. This was from a firm in Sioux City, Iowa, located about 20 miles from the agency. All other prospective bidders contacted were located 250 to 400 miles away from the agency. The only responsive bid to the invitation was received from the Sioux City firm, and the award was made

to that dealer. The population of Sioux City is about 80,000, and it appears that in a city of that size there would be more than one prospective bidder for automotive equipment who could have been solicited in an attempt to obtain a more competitive price.

A quantity of surplus office equipment was offered for sale at the Aberdeen Area Office on bid invitations No. 100-S-28, 29, and 30. Bids were solicited by mailing invitations to 30 firms and individuals and by posting invitations in 8 post offices. Only 5 of the potential buyers were located in Aberdeen; the others were located 160 to 300 miles away from the Area Office. All five bids received on the invitations were from Aberdeen. On certain items only token bids were received and accepted. For example, of the two bookkeeping machines offered under invitation No. 100-S-29, one machine was sold for \$74 and the other was sold for only 25 cents. Of the 23 typewriters offered under invitation No. 100-S-28, 15 were sold for prices ranging from 25 cents to \$2, whereas the remaining 8 were sold for prices ranging from \$6 to \$22.

To obtain the highest possible prices on the sale of surplus Bureau equipment, we recommend that the Area Director require that more bids be solicited within the local area where the surplus equipment is located. To create a larger prospective market, the use of local newspaper advertising should also be considered when conditions warrant it.

10. Deficiencies in reporting to the Examiner of Inheritance

The Turtle Mountain Consolidated Agency does not furnish heirship data to the Examiner of Inheritance on a timely basis and the data furnished are not always complete.

The Indian Affairs Manual (22 IAM 106.05) requires the Superintendent of each Indian agency to prepare and furnish to the Examiner of Inheritance a monthly report listing all Indians who have died leaving a trust or restricted estate. The manual requires the Superintendent to submit also, before scheduled probate hearings, a report, "Data for Heirship Finding," Form 5-108C, showing the assets of the decedent, probable heirs, and other related information.

Action is not taken by the agency personnel to report any deaths until the Examiner notifies them that he proposes to visit the agency for the purpose of holding probate hearings. The agency land clerk informed us that the agency does not furnish to the Examiner of Inheritance a monthly report of the deceased Indians because of the pressure of other work.

In June 1955 the agency submitted to the Examiner forms 5-108C on 28 cases. The Examiner's visit was set for July 1955. Our review disclosed that none of the 28 reports showed the value of the estate's inventory because appraisals had not been made; and 12 of the reports did not show the amount of money to the credit of the estate in the individual Indian money accounts although such information is required to be stated and is necessary

for probate purposes. For example, account No. A-111 had a balance of \$802, and account No. A-320 had a balance of \$221. Moreover, forms 5-108C had not been submitted for two deaths, one that occurred in September 1954 and another that occurred in April 1955.

To provide the Examiner of Inheritance with accurate and timely data so that he may plan his itinerary and have the information necessary to conduct preliminary survey work, we recommend that applicable manual provisions be followed. We recommend also that the Area Director make a periodic review of the agencies' reports on deaths of Indians and heirship data to insure adequate and timely reporting.

11. Lease records inadequately maintained

At the Turtle Mountain Consolidated Agency, we found certain deficiencies in the management of land leases and related records. The lease files were not maintained currently and many expired leases were found in the files. A large number of the leases had not been properly completed, lease numbers were not assigned, portions of the lease provisions were omitted, and pertinent lease information was recorded on attached scratch paper. Moreover, a test-check of 89 leases disclosed that fees had not been collected for processing 11 of the leases. The Code of Federal Regulations (25 C.F.R. 171.16) requires that lease fees are to be paid by the lessees of the land. The card record of payments (form 5-396) did not, in most cases, contain a record of the fees that were due the Government. In addition, the agency records did not show whether adequate follow-up had been made to collect the fees due the Government.

To provide necessary information on leased Indian land and to insure that lease fees are collected, we recommend that the Area Director require that the land lease files and records at the Turtle Mountain Consolidated Agency be maintained properly.

12. Need for uniform procedures
in maintenance of land records

Written directives are not available at the area and agency offices on procedures to be followed in maintaining land records and on the type of land records to be maintained. According to the Area Chief of the Branch of Trust Property, the records to be maintained are as follows:

Allotment and Estate Record Cards
Index and Heirship Cards
Cross Reference Index and Heirship Cards

At the Turtle Mountain Consolidated and Winnebago Agencies, these records are not being maintained. Use is being made of old type records that apparently were to have been replaced by the records listed above.

To provide adequate and uniform information on land activities at all agencies, we recommend that the Commissioner prescribe the land records to be maintained and procedures to be followed.

13. Other miscellaneous and accounting deficiencies

During the audit we noted certain irregular or deficient practices, some of which are set forth briefly below. Where other than compliance with manual provisions is required, our recommendations for change are stated immediately after the audit finding.

a. The Aberdeen Area Office has improperly eliminated from general ledger control account No. 1036.2, Accounts Receivable--Other, all receivables over 60 days old as of March 31, 1955, by debiting account No. 1203, Invested Capital, and crediting account No. 1306.2. The amounts eliminated totaled \$35,570, of which \$16,825 applied to the Aberdeen Area and \$18,745 applied to the Minneapolis Area. The accounting records for the Minneapolis Area are maintained by the Aberdeen Area Office. This action was not taken to write off the receivables as uncollectible. The amounts were eliminated from the general ledger after the accounts over 60 days old were segregated from the more current accounts to reduce the work involved in maintaining and reconciling accounts receivable records. The action, however, eliminated adequate financial control over receivables.

To provide adequate financial control over receivables, we recommend that the Area Director instruct the Area Finance Officer to properly adjust the appropriate general ledger accounts. Accounts receivable should not be eliminated from the general ledger until they are considered uncollectible in accordance with applicable regulations.

b. At the Turtle Mountain Consolidated Agency, certain accounts receivable have been allowed to become delinquent although

the debtors have adequate funds on deposit with the agency to offset the amounts due. For example, we reviewed 10 probate fee billings and found that 3 of the billings, amounting to \$94, could have been collected in full and that one billing for \$11 could have been reduced to \$5. We advised the agency of the amounts involved.

To reduce the delinquent accounts receivable at the agency, we recommend that the Area Director have accounts receivable reviewed with the objective of collecting, wherever possible, delinquent amounts from available debtor's funds.

c. Collections at the Flandreau School were not submitted daily to the Area Office as required by the Indian Affairs Manual (42 IAM 603.02 F). For example, we noted that collections made from May 13 through May 18, 1955, were not submitted for deposit until May 20, 1955. We noted also that cash collections for meals served in the dining hall were made by an employee who was not bonded and had not been appointed as a field collector. Cash collections should be made by authorized collectors.

d. Necessary information to support payments for night differential has not been submitted to the Area Office by the agencies. Time and Attendance Reports, Form DI-502, and related records submitted to the Area Office do not show the time of day that the employees performed their duties. The actual time of performance is necessary to determine the correctness of night differential payments claimed.

To properly support payroll payments, we recommend that the Area Director require that the necessary supporting data be submitted by the agencies.

e. The Aberdeen Area Office has not obtained information necessary for the preparation of the annual report on the status of accounts receivable. The Indian Affairs Manual (42 IAM 701.01 and 701.02 H) requires that an analysis of the accounts receivable be made at the close of the fiscal year for the use of Area and Central Office officials. For those accounts over 6 months old, an explanation is required as to the collection action taken. The agencies are responsible for maintaining the detailed records of accounts receivable and making collections. As of October 27, 1955, the Area Office had not received from the agencies the accounts receivable data as of June 30, 1955.

f. At the Flandreau School expenditures have been made from the Indian Moneys, Proceeds of Labor (IMPL) fund in excess of amounts programed and authorized. The Flandreau School, Flandreau, South Dakota, is financed primarily by appropriated funds, and also by donations from IMPL trust funds. During fiscal year 1955, IMPL funds in the amount of \$20,000 were programed for donation to the school operations. Actual expenditures of IMPL funds for school operations amounted to \$25,545. The expenditure in excess of the approved program was in the form of a transfer of edible stores from the IMPL fund to the Flandreau School.

We recommend that the Area Director take action necessary to assure that expenditures are not made in excess of authorized and programed amounts.

g. Documentation could not be found to support amounts totaling \$3,673 recorded as liabilities in general ledger account

No. 1224.5, Other Unapplied Deposit Funds, for the Aberdeen Area, at June 30, 1955. The major portion of the unsupported amounts consisted of unidentified agency deposit funds, totaling \$3,591, which had been on the books since July 1, 1952.

To assure that liabilities recorded in the general ledger are proper, we recommend that the Area Finance Officer analyze the account and support adequately all amounts shown therein. Amounts which cannot be identified should be disposed of in accordance with provisions of Accounting Systems Memorandum No. 28 issued by the General Accounting Office on June 26, 1953.

h. The balance in the general ledger equipment account No. 1003 for the Aberdeen Area does not agree with the total of the amounts reported by the agencies. Our audit disclosed that the value of equipment, as shown on the Monthly Balance Sheets, Form 5-714, reported by the agencies in the Aberdeen Area as of June 30, 1955, totaled \$3,510,904 compared with the Area Office general ledger control balance of \$3,350,843. These balances had not been reconciled. Moreover, according to Area Office officials, the equipment values shown on the Monthly Balance Sheets have not been reconciled with amounts reported on the individual equipment Property Records, Form DI-100.

The agencies in the Minneapolis Area have not submitted the Monthly Balance Sheets since February 28, 1955.

To provide adequate control over equipment in the Aberdeen and Minneapolis Areas, we recommend that the Aberdeen Area Director have the general ledger equipment accounts reconciled with the appropriate property records and reports. Moreover, instruction

should be issued to the agencies in the Minneapolis Area to submit the required property reports promptly to the Aberdeen Area Office.

1. As part of the individual Indian money (IIM) activity, the Winnebago Agency is maintaining the accounting records for tribal loans made to individual Indians. As of June 20, 1955, the outstanding tribal loans amounted to \$16,827, and the tribal funds on deposit in the IIM accounts totaled \$31,368. Evidence that action had been taken by Bureau officials in the Area to encourage the tribes to assume this responsibility was not available.

To implement the Bureau's withdrawal program, we recommend that the Area Director and the Agency Superintendent encourage the Indian tribes to accept responsibility for the tribal loan operations.

j. Unnecessary work is performed at the Winnebago Agency in the crediting of income to the accounts of heirs to estates. Names of heirs, distribution of payments, and similar information are shown on both the SF-1114a, official receipt, which serves as the posting media for crediting lease income to IIM accounts and on the form 5-396 prepared for each lease. Form 5-396 could be used for the detailed postings to individual Indian account ledgers. The fiscal accounting clerk, performing this operation, estimated that it requires about 1-1/2 months each year for one person to enter the detail on SF-1114a.

To eliminate the unnecessary work now performed, we recommend that the Area Director instruct the agency to post the detail lease income distribution data on form 5-396 only and adequately cross reference these data to SF-1114a, Official Receipt.