



United States
General Accounting Office
Washington, D.C. 20548

**Resources, Community, and
Economic Development Division**

B-276713

April 25, 1997

The Honorable Slade Gorton
Chairman
The Honorable Robert C. Byrd
Ranking Minority Member
Subcommittee on the Interior and Related Agencies
Committee on Appropriations
United States Senate

The Honorable Ralph Regula
Chairman
The Honorable Sidney R. Yates
Ranking Minority Member
Subcommittee on the Interior and Related Agencies
Committee on Appropriations
House of Representatives

The Honorable Ben Nighthorse Campbell
Chairman
The Honorable Daniel K. Inouye
Ranking Minority Member
Committee on Indian Affairs
United States Senate

Subject: Bureau of Indian Affairs: Information on Potential Budgetary
Reductions for Fiscal Year 1998

As agreed, we are providing the information (see enc. I) that we discussed with your offices on selected activities within the Construction account and the Operation of Indian Programs account of the Department of the Interior's Bureau of Indian Affairs (BIA). These two accounts represent 72 percent of BIA's fiscal year 1997 budget authority and 76 percent of its fiscal year 1998 request. The information we are providing includes trends in the agency's carryover balances and potential reductions to its fiscal year 1998 funding

requests to reflect the carryover balances expected at the end of fiscal year 1997.¹

In summary, during fiscal years 1994 and 1996, unobligated balances in the Construction account decreased while such balances in the Operation of Indian Programs account increased. However undelivered orders decreased for both accounts from \$138 million to \$90 million and from \$267 million to \$231 million, respectively.² In addition, we found that BIA managers cannot readily obtain cost and budget information relating to ongoing construction projects. For example, the information system that BIA uses to track the construction, operations, and maintenance of its facilities is heavily dependent on the local input of data; yet less than 5 percent of the users have on-line computer access. As a result, BIA's project managers must access several systems to obtain data on specific construction projects. In addition, in its budget justification, BIA noted that the information system uses outdated technology and software and is subject to total breakdown at any time.

The shortcomings in BIA's information system made it difficult for us to obtain timely information on the amount of unobligated balances and undelivered orders for construction projects. Nevertheless, we identified over \$4.8 million in potential reductions to BIA's fiscal year 1998 budget request—\$1.7 million from the Construction account and the remaining \$3.1 million from the Operation of Indian Programs account.

AGENCY COMMENTS

We provided a draft of this report to BIA for review and comment. In commenting on the draft, the Deputy Commissioner; the Director, Office of Audit and Evaluation; and other officials disagreed with our potential fiscal year 1998 budget reductions. They noted that BIA has a significant backlog of repairs for educational facilities and that the funds identified could be used for the backlogged projects. These officials acknowledged that BIA expects to carry over about \$1.5 million at the end of fiscal year 1997 for the Facilities Management Information System project and said that any reduction of fiscal year 1998 funding would adversely affect the agency's ability to develop a system to maintain current information on the physical condition of schools

¹For the purposes of this report, we define carryover balances as the total of unobligated balances and undelivered orders.

²Undelivered orders are defined as the value of goods and services that have been ordered and obligated but have not been received.

and needed repairs, as well as a system to depreciate real property. They also said that the carryover balances for the Operation of Indian Programs account include substantial funds for the "forward-funded" education programs and suggested that we make note of this fact. We included this information in the enclosure to this report. In addition, although the officials with whom we met believe that BIA can spend the \$4.8 million that we identified, ultimately the Congress will decide how the agency should use the funds.

These officials agreed with the proposed elimination of the National Ironworkers Training Program, United Sioux Tribes Development Corporation, and United Tribes Technical College, believing, in part, that it is much more effective to fund programs that benefit as many tribes as possible rather than a limited number of the Indian population. They also noted that, where warranted, the funds should be provided to the tribes. The Department of the Interior noted that BIA has requested funding for the three activities in fiscal year 1998 because they provide various types of assistance to Indians who reside in or near reservations.

We obtained information from BIA's Federal Financial System on the Construction and the Operation of Indian Programs accounts by program class, funding code, and division and from the Facility Construction, Operations, and Maintenance management information system on the status of projects. We also examined the contract files for some construction activities and discussed their status and the remaining funds with officials, including those in BIA's Federal Management and Construction Center in Albuquerque, New Mexico, and various project managers. For the Operation of Indian Programs account, we identified those divisions and program classes with large unobligated balances and large amounts of undelivered orders. We followed up on information that BIA had provided to the Office of Management and Budget in December 1996 on its plans to use unobligated balances. We also identified and verified undelivered orders that had been outstanding since at least fiscal year 1994. We performed our work from October 1996 through April 1997 in accordance with generally accepted government auditing standards.

We are sending copies of this report to the Secretary of the Interior; the Assistant Secretary for Indian Affairs; and various congressional committees. We will also make copies available to others upon request.

B-276713

If you or your staff have any questions about this report, you can reach me at (202) 512-3841. Major contributors to this report were Mary Ann Kruslicky, Michael Sagalow, and Diane Lund.



Victor S. Rezendes
Director, Energy, Resources,
and Science Issues

Enclosure

PRESENTATION SLIDES

GAO Resources, Community, and Economic
Development Division

BUREAU OF INDIAN AFFAIRS

**Information on Potential Budgetary
Reductions for Fiscal Year 1998**

GAO Bureau of Indian Affairs

- **Scope: Selected activities from the**
 - **Construction account**
 - **Operation of Indian Programs account**

GAO Bureau of Indian Affairs

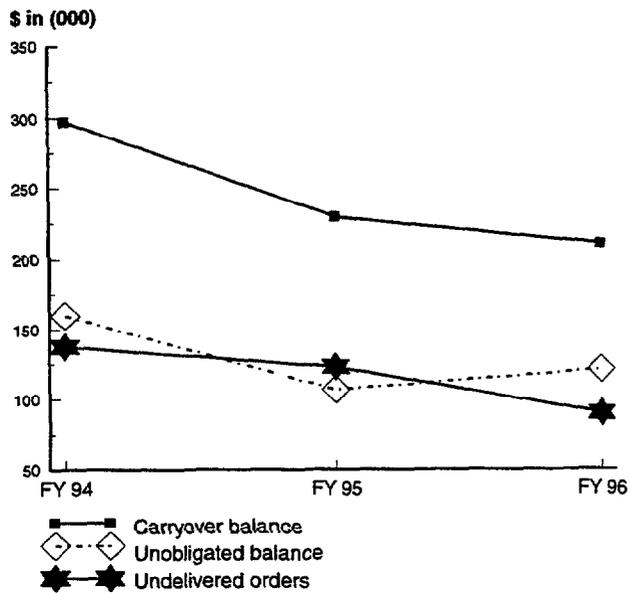
- **Unobligated balances varied during fiscal years 1994 and 1996:**
 - **Construction decreased from \$160 million to \$121 million**
 - **Operation of Indian Programs increased from \$223 million to \$259 million**
-

GAO Bureau of Indian Affairs

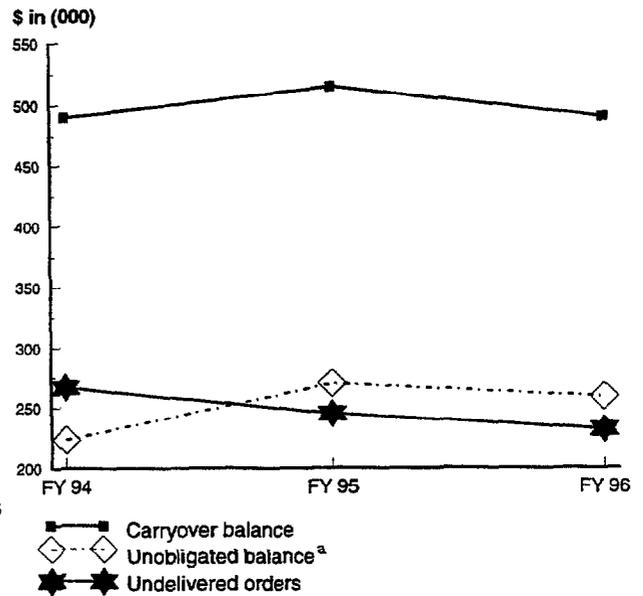
- Undelivered orders decreased between fiscal years 1994 and 1996:
 - Construction from \$138 million to \$90 million
 - Operation of Indian Programs from \$267 million to \$231 million
-

GAO Bureau of Indian Affairs

Trends in Carryover Balance for Construction Account



Trends in Carryover Balance for Operation of Indian Programs Account



^a Includes forward-funded education programs.

GAO Bureau of Indian Affairs

- **CONSTRUCTION ACCOUNT**
 - **Potential fiscal year 1998 reductions of over \$1.7 million result from, for example,**
 - **Lack of adequate support in budget justification - \$1 million for the Facilities Management Information System**
-

GAO Bureau of Indian Affairs

- Funds not used or needed:
 - \$264,370 from emergency assistance arising from Hurricane Andrew and other natural disasters
 - \$218,000 for the Crownpoint Boarding School roof
 - \$206,000 for the Greasewood School gymnasium
-

GAO Bureau of Indian Affairs

- OPERATION OF INDIAN PROGRAMS ACCOUNT
 - Potential fiscal year 1998 budget reductions of \$3.1 million result from, for example,
 - \$1.9 million - United Tribes Technical College
 - \$524,000 - National Ironworkers Training Program
-

GAO Bureau of Indian Affairs

- \$108,000 - United Sioux Tribes Development Corporation
 - Funds not used or needed:
 - \$652,886 from emergency assistance arising from Hurricane Andrew and other natural disasters
-

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