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**REPORT ON AUDIT
OF
MUSKOGEE, OKLAHOMA, AREA OFFICE
BUREAU OF INDIAN AFFAIRS
DEPARTMENT OF THE INTERIOR**

FOR THE FISCAL YEAR ENDED JUNE 30, 1954

**UNITED STATES GENERAL ACCOUNTING OFFICE
DIVISION OF AUDITS**

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON 25

DIVISION OF AUDITS

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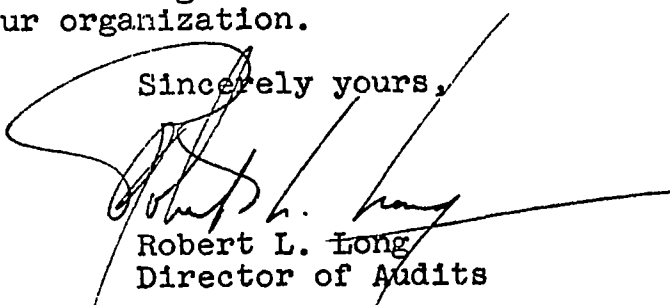
Mr. Glenn L. Emmons, Commissioner
Bureau of Indian Affairs
Department of the Interior

Dear Mr. Emmons:

Herewith is a copy of our report on the audit of the Muskogee Area Office, Bureau of Indian Affairs, for the fiscal year 1954. During the audit we reviewed the organization and procedures at the locations visited and our observations on deficiencies and weaknesses in procedures and internal control and on certain other matters are set forth in the accompanying report.

We wish to acknowledge the cooperation given to our representatives at each of the locations in the area visited by us. Our findings were reviewed with responsible area officials. We will be happy to discuss these comments in greater detail with you or members of your organization.

Sincerely yours,


Robert L. Long
Director of Audits

Enclosure

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REPORT ON AUDIT
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FOR THE FISCAL YEAR ENDED JUNE 30, 1954

1. Charges for medical services are often not billed or collected

The Bureau has no standard procedure for verifying an Indian's ability to pay for medical services received. The Code of Federal Regulations provides (25 C.F.R. 84.8) that:

"Indians receiving medical, hospital, or dental services shall be expected to pay such fees, based upon cost of service, as may hereafter be specified by the Commissioner of Indian Affairs. Free services need not be given to Indians who are economically able to pay such fees and refuse to do so. All fees received shall be covered into the Treasury of the United States as required by the Act of May 9, 1938 (52 Stat. 312)."

During the audit we noted that bills issued for general hospital services furnished totaled \$4,423, or about one-third of one percent of the \$1,177,152 cost of operation and maintenance of the four hospitals in the area.

Under current procedures the medical officer in charge or a clerk at the hospital decides or participates in the decision as to whether a patient is indigent and is not to be billed for medical services furnished. The clerk also prepares bills that are to be rendered and mails them to the addresses furnished, sending a copy of each bill to the area office where they are recorded in

the accounts. The area office has no way of knowing who the hospital patients were, which ones were not billed, or the basis for not billing these patients.

To reduce the net cost of operating Bureau hospitals, we make the following recommendations:

- a. Establishment of a standard procedure for determining whether a hospital patient is indigent or is able to pay for services furnished. The procedure should include checking the patient's resources by reference to welfare records and individual Indian money accounts. The patient should be presumed to be able to pay until proven otherwise.
- b. Because each hospital sends out its own bills for hospital services, provision should be made for furnishing the area office with the necessary data on all hospital patients. Suitable reference should be made at the hospitals to the basis of clearance of patients not billed for services rendered.
- c. Consideration should be given to establishing fees for certain medical services now furnished without charge by the hospitals to outpatients. Public health services, such as tuberculosis X-rays, vaccinations, home visits, and similar items, should be continued without charge in order not to hamper the success of those operations. We believe, however, that excessive free clinical service encourages reliance on the Government and hampers the Bureau's program for the withdrawal of Federal supervision over Indians.

2. Failure to collect from employees for medical services rendered

The Code of Federal Regulations (25 C.F.R. 84.9) provides that medical services shall be available to all regular employees of the Bureau at rates not in excess of those charged locally.

During the fiscal year 1954 employees of the Bureau were billed for medical services received by them. Efforts to collect accounts receivable from employees, however, were generally not made. For example, the Talihina Medical Center, the largest of

four hospitals in the area, during the fiscal year 1954, billed Bureau employees a total amount of \$1,084.25 for medical services furnished. Collections during fiscal year 1954 of medical and hospital fees at the Talihina Medical Center from all sources (Indians, employees, non-Indians, and others) from fiscal year 1954 and previous years billings amounted to \$346.26.

To reduce the cost of Bureau medical services borne by the Federal Government, we recommend that adequate procedures be established for follow-up of all delinquent accounts and that steps be taken to insure collection of these bills.

3. Public health service contracts negotiated on per capita basis instead of financial need basis

Public health service contracts Nos. I-27-IND-28603 and 14-20-402-26 for fiscal years 1953 and 1954, respectively, were negotiated on a per capita basis and not on the basis that the state or county public health agency was in need of financial aid as provided by the Indian Affairs Manual (vol. VI, part III, sec. 1102.1 F). According to this manual provision it is Bureau policy that one of the conditions for entering into a health service contract is that the "contractor [The State, county, or political subdivision thereof] is being taxed the maximum amount permitted by law for health purposes and still lacks funds to maintain a well balanced health program for all citizens."

Contract No. I-27-IND-28603, for the fiscal year 1953, was negotiated by the Muskogee Area Nurse Consultant, representing the Bureau of Indian Affairs, and the Commissioner of Health and the Director of Fiscal Services, representing the State of

Oklahoma. The contract was signed by the Area Director on May 1, 1953.

This contract provided that the Oklahoma State Department of Health shall furnish public health services to the Indian population in the 28 counties of Oklahoma for the period from July 1, 1952, to June 30, 1953, at the rate of \$1.50 per capita for the Indian population of each of the 28 counties stipulated in the contract, or a total amount of \$62,658 for the fiscal year 1953, payable at the rate of \$5,221.50 a month.

The State of Oklahoma budget for a total population (all races) of 927,392 was \$894,398 for the 28 counties involved, or \$.964 per capita.

Public health service contract No. 14-20-402-26, dated May 29, 1953, provides that the Oklahoma State Department of Health shall furnish public health services to the Indian population in the area comprising the Five Civilized Tribes Agency, consisting of 40 counties in the eastern half of the State of Oklahoma, for the period from July 1, 1953, to June 30, 1954, and that the Area Director agrees to pay to the Oklahoma State Department of Health \$56,073 annually, at the rate of \$4,672.75 monthly for services rendered.

The Oklahoma State Department of Health was able to furnish public health services to the Indian population residing in 25 of the 40 counties during fiscal year 1954, and the state budgeted the sum of \$765,404 for a total population (all races) of 895,985 for the 25 counties in which public health services were furnished,

or a per capita of \$.854. The Bureau's budget for the year was \$47,584.50, or a per capita of \$1.50 for the 31,723 Indians residing in the 25 counties involved.

To protect the mutual interests of the Indians and the Federal Government, we recommend that a review be made by the Area Director to determine the state and county need of Federal aid, when negotiating contracts with states. We recommend also that the Bureau field offices adhere to manual provisions relating to the budget requirements and that contracts be based on financial need. We further recommend that the Washington office make administrative reviews of actions by the area offices to ascertain whether Bureau policy is followed.

4. Verification of contract payments for health services

Payments made during the fiscal year 1954 to the Oklahoma State Department of Health under public health service contract No. 14-20-402-26 were not checked by area personnel.

Charges for public health services billed to the Bureau by the Oklahoma Department of Health are based upon the ratio of the amounts budgeted for health by the Bureau and the Oklahoma Department of Health. For example, the amount billed to the Bureau for the month of April 1954 for public health services furnished to Indians residing in Cherokee, Adair, and Sequoyah Counties in eastern Oklahoma was computed as follows:

State budget for fiscal year 1954 for the above-named counties	\$48,580.00
Bureau budget for fiscal year 1954 for above-named counties	<u>10,149.00^a</u>
Total health service budget for fiscal year 1954 for above-named counties	<u>\$58,729.00</u>
Percentage budgeted by Bureau (\$10,149 + \$58,729)	<u>17.28%</u>
Total expenditure by state for April 1954 for the above-named counties	<u>\$3,136.86</u>
Due from Bureau for April 1954 (17.28% of \$3,136.86)	<u>\$542.05</u>

^aDetermined by multiplying Indian population of 6,766, for the three counties, by \$1.50 per capita.

Records or other data are not available at the area office by which a check can be made of the correctness of the state annual budget amount of \$48,580 or the state expenditure of \$3,136.86 for the month of April 1954.

Public health service contract No. 14-20-402-26 does not provide for an audit of the records of the Oklahoma State Department of Health by the Bureau of Indian Affairs.

To assure that payments by the Bureau are proper, we recommend that documentary data be required that will permit an adequate check on the amounts that are billed the Bureau. We recommend also that all public health service contracts contain provisions for the examination of state and county records by the Bureau of Indian Affairs.

5. Inadequate administrative control over Bureau educational facilities operated by State of Oklahoma under revocable use permit

Certain Bureau educational facilities are operated by the Department of Education of the State of Oklahoma under revocable use

permits. Our review of the use permits disclosed that the permit on Rocky Ford School District No. 72 had expired on August 15, 1950. Use permits on Mulberry School District No. 35, Cave Springs School District No. 66, Yardeka School District No. 3, Mt. Zion School District No. 43, Kallihoma School District No. 1-1, and Ballow School District No. 59 expired on July 1, 1954. Renewal permits covering these schools had not been executed at August 25, 1954.

Our audit disclosed also that the files maintained by the Branch of Education and the Branch of Property and Supply did not contain evidence that the insurance provisions of the use permits covering the above-named schools had been complied with by the State of Oklahoma.

To assure proper administrative supervision of Bureau educational facilities, we recommend that the Area Director require that adequate follow-up procedures be established to ascertain that:

- a. Revocable use permits are renewed on or prior to their expiration dates.
- b. Insurance provisions of these use permits are complied with by the State of Oklahoma.

6. Development of leased mineral lands

The Bureau has not required minimum development of restricted Indian land leased for coal-mining purposes as provided by the applicable regulations.

The Federal Code of Regulations (25 C.F.R. 183.22) provides that:

- "(a) On all leases for deposits of minerals, other than oil and gas, there shall be expended for each calendar year the lease is in force, and for each fraction of a calendar year greater than 6 months, in actual

mining operations, development, or improvements upon the lands leased, for the benefit thereof, a sum which with the annual rental, shall amount to not less than \$5.00 per acre."

* * * * *

- "(c) Each lessee, except oil and gas lessees, shall file with the Superintendent an itemized statement, in duplicate, within 20 days after the close of each calendar year, of the amount and character of said expenditures during such year; the statement to be certified under oath by the lessee, or his agent, having personal knowledge of the facts contained therein."

During our audit for fiscal year 1953 the Branch of Land did not require lessees of coal lands to expend the stipulated sum for actual mining operations, development, or improvements upon the land leased. Moreover, the six lessees of coal lands in the Muskogee area were not required to file, at the close of calendar year 1952, itemized statements with the Branch of Land showing the amount and character of development expenditures made during the year. These leases had been in force without production for a period of 2-1/2 to 9 years.

During our 1953 fiscal year audit this deficiency was brought to the attention of the Area Director, and corrective action was taken on the leases as follows:

<u>Lease number</u>	<u>Date of lease</u>	<u>Disposition</u>
60720	October 1944	Production began in May 1953
62294	March 1947	Status not changed
62982	July 1948	Lease canceled in April 1954
62983	July 1948	Lease canceled in April 1954
62518	July 1947	Production began in January 1954
62745	January 1948	Production began in October 1953

Our audit for fiscal year 1954 disclosed, however, the continued noncompliance with the regulation applicable to the filing

of statements (25 C.F.R. 183.22 (c)). The Branch of Land records showed that of the 18 coal-mining leases in force as of December 31, 1953, 9 were productive and 9 were not productive. Of the 9 unproductive leases, 6 had been in force more than 6 months and, therefore, statements of development expenditures were required to be filed as of the close of the 1953 calendar year. The itemized statements of development expenditures for the calendar year 1953, require to be filed with the Area Director within 20 days after the close of the 1953 calendar year, had not been filed by August 5, 1954.

This deficiency was called to the attention of the Acting Area Director and corrective action was taken. Letters were addressed to the lessees requesting that such statements be filed immediately.

To provide the necessary information to determine that restricted Indian lands are leased for coal mining, and not for speculative or other purposes, we recommend that the Area Director take the necessary follow-up action, within a reasonable time after due date, and require lessees to file itemized statements of development expenditures in accordance with the applicable regulation.

7. Applications for rights-of-way not processed in accordance with regulations

Our review of rights-of-way applications, on a test basis, disclosed that applications for rights-of-way upon and across restricted Indian lands are not processed by the Bureau in accordance with the applicable regulations (25 C.F.R. 256.4, .5, .7, .14, and .15). Applicants for rights-of-way upon and across restricted Indian lands negotiate directly with the individual Indians or Indian tribes as to the amount of damages sustained, and payments are made by the applicants directly to the individual Indians or Indian tribes. The receipt for the amount paid is attached to the application for the right-of-way and forwarded to the Muskogee Area Office for approval.

The Code of Federal Regulations (25 C.F.R. 256) provides, in part:

"A written application for permission to survey a right of way upon or across restricted Indian lands must be filed with the Superintendent. The application *** shall be accompanied by written consent of the land-owners *** and by a check or money order of sufficient amount to cover double the estimated damages which may be sustained as a result of the survey ***.

"As soon as practicable after a right of way application has been filed *** the Superintendent shall cause an appraisal to be made of the damages due the land-owners. Upon the basis of the appraisals thus made, the Superintendent shall prepare separate schedules of damages for each individual Indian and Tribal lands traversed by the right of way described in the application. ***

"Upon receipt of the schedules of damages, the applicant must deposit with the Superintendent the total amount of damages as shown on the schedules, less any deposit previously made under paragraphs 256.4 and 256.5. The amount so deposited shall be held in a 'special deposit' account for distribution, upon approval of the application, to or for the account of the owner."

The procedure followed by the Bureau gives the Indian an opportunity to manage his own affairs and appears to be in accordance with the Bureau's withdrawal program. We recommend, however, that the Area Director comply with the applicable regulations unless specific authority is granted by the Commissioner to deviate therefrom.

8. Laundry operations

An adequate determination has not been made by the Area Director as to whether or not commercial concerns can furnish at less cost to the Government the same, or better, laundry service than that provided by the Bureau-owned laundry facility at the Sequoyah Vocational School.

The Department of Interior booklet, entitled "Improved Administration, 1953-1954, A Selected List of Management Improvement Projects" states (see p. 53) as follows:

"Competition With Private Enterprise (Bureau of Indian Affairs). Progress was made toward the objective of not competing with private enterprise when commercial concerns can furnish the same, or better, services at less cost to the Government than the cost of Bureau operated facilities."

A survey of the operation of the Bureau-owned laundry at Sequoyah Vocational School made by an area educational specialist in March 1954 estimated that the annual cost of operating this laundry facility, including estimated utility and depreciation costs of \$2,220, was \$8,184, or \$5,964 exclusive of estimated utility and depreciation costs. Similar commercial services were estimated to cost \$8,467 by the area education specialist. Bureau records, however (cost ledger account No. 1753.1), showed that the

Government's cost of operating this laundry facility, exclusive of depreciation, utility, and other costs listed above, totaled \$7,746 for the fiscal year 1954.

To insure compliance with the stated objective of not competing with private enterprise, we recommend that the Area Director reexamine the cost of laundry operations at Sequoyah Vocational School and compare the actual cost to the Government of operating this laundry facility with the cost of similar services from commercial facilities.

9. Mandatory items purchased in open market

Purchases required to be made from mandatory sources were placed in the open market by Eufaula Boarding School, Sequoyah Vocational School, and Carter Seminary without necessary clearances being obtained from General Services Administration. There was no evidence in the files that the purchases were of an emergency nature. Examples of such purchases are as follows:

<u>School making purchase</u>	<u>Items</u>	<u>Purchase order number</u>	<u>Purchase price</u>
Carter Seminary	20 school dresses	143-54	\$100.00
Sequoyah Vocational School	Brooms and brushes	691-54	63.27
Sequoyah Vocational School	Aluminum paint	650-54	63.00
Eufaula Boarding School	Garments	90-54	98.69

The Indian Affairs Manual (vol. IV, part III, sec. 411.01) provides that mandatory sources of supply must be used to the extent required by law, Executive orders, or by agency regulations, and lists the various mandatory sources of supply.

We recommend that the area procurement officer disapprove all purchase orders which are not issued in accordance with the

mandatory source of supply regulations and that continuation of these practices by field installations be brought to the attention of the Area Director for necessary corrective action.

10. Numerous purchase orders issued for small amounts

The use of the regular purchase order system for purchase of small amounts by the Sequoyah Vocational School results in increased costs and increased workload at the school, at the area accounting office, and at the Treasury Regional Disbursing Office. Out of 920 purchase orders examined for the 1954 fiscal year, 321 or 35 percent were issued for purchases of \$20 or less.

Local purchase orders for small amounts could be handled more expeditiously and at a saving in administrative costs by use of imprest cash funds.

We have given due consideration to the contentions raised by certain area finance personnel opposed to the use of imprest funds. We do not consider most of these contentions to be valid. As to the contention that the use of imprest funds would increase the accounting workload because each purchase would have to be analyzed for posting purposes, we believe that the imprest fund cashier could prepare a summary work sheet on the accounts to be charged at the time the fund is reimbursed, thereby reducing the number of postings to the cost and allotment ledgers maintained at the area office.

Accordingly, we recommend that the Area Director establish an imprest petty cash fund at the Sequoyah Vocational School, and other installations making numerous local purchases for small amounts.

11. Excessive open-market purchases

Our audit disclosed lack of planned procurement and excessive open-market purchases for various supplies of recurring need, during fiscal year 1954, at certain field installations in the Muskogee area, particularly Carter Seminary. As a result, the volume of purchase orders and payment vouchers were greatly increased unnecessarily.

Examination of 200 purchase orders issued at Carter Seminary during January, February, and March 1954 disclosed that about 75 percent of the purchase orders issued were open-market purchases. Many of the items purchased in the open market were of recurring need and could have been purchased through General Services Administration, or under contract, if properly planned procurement procedures had been followed. Accordingly, we recommend that the Commissioner authorize the use of Standard Form No. 44 (purchase order, invoice, and voucher) for purchases of small amounts not procured locally. We recommend also that the number of purchases be reduced by forecasting needs, by consolidating purchase orders, and by greater use of blanket purchase orders and monthly open account purchasing.

A few examples of the class of commodities, of recurring need, purchased in the open market are as follows:

<u>Institution</u>	<u>Purchase order</u>		<u>Amount</u>	<u>Class of commodity</u>
	<u>Date</u>	<u>Number</u>		
Carter Seminary	1- 7-54	366-54	\$ 65.15	Meat tenderizer, soup bases, etc.
" "	1- 1-54	363-54	100.00	Bread, buns, rolls, etc.
" "	1- 1-54	363-A-54	84.12	Bread, buns, rolls, etc.
Jones Academy	1- 2-54	195-54	65.13	Fruit and vegetables
" "	12-19-54	193-54	93.90	Fruit and vegetables
" "	12-16-54	189-54	71.90	Staple groceries
Sequoyah School	1-18-54	492-54	87.25	Fruit and vegetables
" "	12- 7-54	401-54	31.50	Oleomargarine
" "	12-21-54	422-54	31.50	" "
Eufaula School	2- 3-54	191-54	54.00	Eggs
" "	1-23-54	180-54	76.38	Staple groceries
" "	1-21-54	177-54	91.35	" "

The area office has called these uneconomical practices to the attention of the field installations and has advised them to take necessary corrective action. Accordingly, we recommend that appropriate administrative review be made by the Area Director to determine whether properly planned procurement procedures and practices have been instituted by the various field installations. Planned procurement procedures should reduce the number of open-market purchases of recurring need and also reduce appreciably the volume of purchase orders and disbursement vouchers.

12. Failure to transmit receiving reports promptly after receipt of goods

The Indian Affairs Manual (vol. IV, part III, sec. 208.02 H) provides that Abstract of Receipts, Form 5-716, shall be prepared daily by field receiving stations, and that the original and one copy, together with the supporting documents (receiving reports), shall be transmitted to the area property officer daily.

Our audit for fiscal year 1954 disclosed that field receiving stations were accumulating receiving reports for periods ranging from 2 to 12 days, during which time Abstracts of Receipts, Forms 5-716, together with supporting documents, were not transmitted to the area property officer. The failure to promptly transmit receiving reports to the area office delays settlement of accounts and results in unnecessary correspondence. Moreover, the voucher section may not be able to take advantage of purchase discounts due to expiration of the discount period.

A few examples of departure from the approved procedures follow.

<u>Institution</u>	<u>Purchase order number</u>	<u>Amount</u>	<u>Date of receiving report</u>	<u>Date of abstract</u>
Claremore Hospital	410-54	\$450.40	3- 4-54	3-16-54
Sequoyah School	592-54	88.44	3- 4-54	3- 8-54
Carter Seminary	439-54	47.20	3-12-54	3-22-54

To provide the means for prompt payment of invoices so that all allowable discounts may be taken and to facilitate the balancing of property accounts at the end of accounting periods, we recommend that the Area Director take necessary action to determine that field receiving stations transmit promptly receiving abstracts to the area office in accordance with prescribed procedures.

13. Use of motor vehicles

Motor vehicles with low mileage assignments in the Muskogee area are not rotated to higher mileage assignments as provided by the Indian Affairs Manual (vol. IV, part III, sec. 209.02 D). Two examples of not complying with this manual provision are as follows:

- a. A 1947 Pontiac sedan, license No. I-24317, with speedometer reading of 100,042 miles, assigned to Branch of Soil and Moisture, was driven 8,970 miles, or an average of 747 miles a month, during fiscal year 1954, while a 1949 Chevrolet 4-door, license No. I-33140, with speedometer reading of 8,879 miles, assigned to the Seneca Indian School, was driven 1,350 miles, or an average of 112 miles a month during the same period of time.
- b. A 1949 Ford coach, license No. I-33119, speedometer reading 92,534 miles, assigned to Branch of Extension, was driven 20,665 miles, or an average of 1,722 miles a month during fiscal year 1954, while a 1952 Chevrolet 4-door, license No. I-39301, speedometer reading 25,708, assigned to Branch of Welfare, was driven 11,791 miles, or an average of 983 miles a month for the same period of time.

Moreover, our review of use of motor vehicles assigned to various activities and facilities in the Muskogee area disclosed that some vehicles are receiving very little use, particularly at certain schools. For example, some vehicles assigned to four schools under the jurisdiction of the Five Civilized Tribes Agency had the following mileage recorded for fiscal year 1954.

<u>Year and model</u>	<u>License number</u>	<u>Miles operated during fiscal year 1954</u>	<u>Months available for operation</u>	<u>Average miles per month of operation</u>
<u>Jones Academy, Hartshore, Oklahoma</u>				
1946 Ford Fordor	I-2633	5,375	12	478
1947 Int'l truck, 1/2-ton	I-39285	2,268	12	108
1945 Int'l truck, 1-1/2-ton	I-39288	876	12	73
1953 Ford truck, 1-1/2-ton	I-49008	1,034	9	115
<u>Eufaula Boarding School, Eufaula, Oklahoma</u>				
1948 Chevrolet, 4-door	I-33106	5,164	12	430
1942 Chevrolet, 4-door	I-2659	1,196	8	150
1947 Int'l truck, 1/2-ton	I-39286	3,674	12	306
1945 Int'l truck, 1-1/2-ton	I-39287	1,116	12	93
<u>Wheelock Academy, Miller-ton, Oklahoma</u>				
1948 Chevrolet, 2-door	I-49019	831	2	415
1941 Chevrolet carryall	I-2740	2,337	11	212
<u>Seneca Indian School, Wyandolle, Oklahoma</u>				
1949 Chevrolet, 4-door	I-33140	1,350	12	112
1948 Dodge truck, 1/2-ton	I-33113	3,293	12	274
1953 Ford truck, 1-1/2-ton	I-49004	404	9	45
1943 Int'l dump truck, 1-1/2-ton	I-3439	783	12	65

We noted also during our review of vehicle records that the area office had classified incorrectly 14 passenger vehicles as trucks in its vehicle inventory as of June 30, 1954. The Comptroller General in a letter to the Secretary of the Interior,

dated April 14, 1954 (B-117843), has ruled that these business coupes (called 1/4-ton coupe pickups with box attachment) are to be classified as passenger vehicles and not as trucks.

To reduce the number of motor vehicles operated by the Bureau, we recommend that the Area Director reexamine the motor vehicle needs in the area so that vehicles not needed at one location may be transferred to other locations where they may be needed or declared excess. We recommend also that motor vehicles with low mileage assignments be rotated to higher mileage assignments as provided by the Indian Affairs Manual.

14. Administration of motor vehicle operations

Records maintained in connection with Government-owned motor vehicle operations at the Sequoyah Vocational School, Tahlequah, Oklahoma, do not, in many instances, furnish information necessary to determine the purpose for which such vehicles are used.

The area maintains operator's record form DI-120, which is required to be filled out by the employee operating the vehicle and shows accumulated mileage and cost data, but does not provide for an explanation of the purpose of the trip. The school's administrative office maintains mimeograph forms entitled "Request for Key to Auto or Truck," which are required to be prepared by the student or employee requesting use of the vehicle. This form provides space for a statement of the purpose for which the vehicle is to be used and a space for the signature of the official approving the request. Miles traveled for any stated period, as shown

on the form DI-120, cannot be reconciled with the statements of purpose for which the vehicle was used, as required to be stated on forms "Request for Key to Auto or Truck," for the following reasons:

- a. The "Request for Key to Auto or Truck" form was not always prepared, although mileage used was recorded on form DI-120.
- b. In many instances the purpose for which the vehicle was used had not been stated in the space provided on the "Request for Key to Auto or Truck" form.
- c. The approval spaces provided on this form did not, in all cases, show the name or signature of official approving use of the vehicle.

To control adequately the use of the Bureau's automotive equipment so that Government-owned motor vehicles are used by authorized personnel only in the conduct of official Government business, we recommend that the Area Director take appropriate corrective action and require the Sequoyah Vocational School (1) to fill out completely and accurately the required form and (2) to review the information shown thereon with the related information on form DI-120.

15. Reporting on excess and obsolete property

Major and minor equipment of an excess or obsolete nature is maintained at field installations for long periods of time and is not reported to the area office so that it may be made available to other Bureau installations and Government agencies or disposed of in accordance with the applicable regulations.

The Indian Affairs Manual (vol. IV, part III, sec. 209.01 A(1)) provides that:

"All major equipment in the custody of any Bureau activity and temporarily idle or determined to be excess shall be listed and reported to the Area Office not less often than once each month, except supplies and equipment procured specifically for Fire Presuppression and suppression, snow removal, etc. All supply officers at the Area Level shall screen all excess and temporary available lists before proceeding with procurement of major equipment." ***

In the Muskogee area excess and obsolete property has been listed only annually after taking the annual physical inventory under direction of area office personnel. Following are a few of many items of excess or obsolete property discovered during the physical inventory for fiscal year 1954 at Jones Academy and Carter Seminary.

<u>Description of property</u>	<u>Property No.</u>	<u>Condition</u>
Baler, hay, gasoline-burning	4-2215	Usable
Battery, broiler, 200 cap.	4-2224	"
Machine, lathe, wood-turning	4-2080	"
Planter, hand-drawn	4-2212	"
Cooler, water, electric	None	Condemned
Engine, Fairbanks-Morse	"	"
Piano, upright, Bush & Gerts	"	"
Refrigerator, 2-door, 16 cu. ft.	"	"

This property could have been properly disposed of and eliminated from the property records, or transferred to other installations or agencies, at an earlier date if it had been listed and reported by personnel at the field installation to the area property and supply officer as obsolete or excess to the needs of the installation, in accordance with Indian Affairs Manual provisions.

To insure that machinery and other equipment does not lie idle at one field installation while similar property is needed or purchased by another field installation or Government agency, we

recommend that the Area Director take appropriate action to require reporting of excess or idle equipment in accordance with manual provisions. Obsolete equipment should be reported also.

16. Lack of safety program

The Bureau has no safety program in operation relative to motor vehicle training and testing. The Indian Affairs Manual (vol. IV, part III, sec. 705.04) states:

"*** In no case will an employee who has not been certified by the test requirements be allowed to operate a motor vehicle on official business even on a temporary basis. ***"

The area property and supply officer is the designated safety officer. This area office has never issued any Bureau licenses nor has any testing program been put into effect.

We noted also that a driver training program is not in effect at the Sequoyah Vocational School. Because students drive Government-owned vehicles, we believe the manual requirements should be extended to these drivers also.

To adequately protect Government property and to minimize the possibility of costly accidents to occupants of Government vehicles, we recommend that the applicable provisions of the Indian Affairs Manual be put into operation. We recommend further that consideration be given to establishing a driver training program at the vocational school in order to provide maximum safety in operating Government vehicles and to provide instruction to Indian children that is now available in many non-Indian schools.

17. Records do not distinguish between Government and tribal property

Area office property records do not distinguish between Government-owned and tribal-owned property.

Government funds have been used for constructing new buildings on tribal land and for improvements and additions to buildings originally financed by tribal funds. The buildings involved are located as follows:

<u>Name of school</u>	<u>Location</u>	<u>Number of buildings</u>
Carter Seminary	Ardmore, Oklahoma	14
Eufaula Boarding School	Eufaula, Oklahoma	11
Jones Academy	Hartshorne, Oklahoma	13
Wheelock Academy	Millerton, Oklahoma	12

These schools structures are located on tribal-owned land and, in some cases, the original buildings were purchased from tribal funds. Over a period of years new buildings have been constructed, additions have been made, the cost of which was paid, or partly paid, from appropriated Government funds. Records are not available, however, to clearly establish ownership of these buildings. Area office personnel were not able to inform us as to how or when it was determined that such buildings are tribal-owned. They did point out, however, that the tribes have carried insurance on these buildings for many years.

All of these buildings are carried in the area property records and asset accounts as Government-owned.

To maintain adequate control over the Bureau's property, we recommend that the Commissioner of Indian Affairs take action to establish definitely the ownership of these buildings. Property and accounting records should distinguish clearly between Government and tribal property.

18. Statements are not furnished periodically to Indians who have individual money accounts

The Indian Affairs Manual (vol. IV, part II, sec. 603.03 E

(19)) provides that:

"*** Individual Indian Account Ledger, Form 5-796 Revised, shall be maintained in triplicate for each account. All transactions affecting Individual Moneys Deposit accounts shall be posted to the affected ledgers. *** The first copy is to be used as a statement to the individual owner of the account."

Although these statements are prepared, they are furnished to Indians only upon their request. Indians desiring information regarding the status of their money accounts may inquire at the area office, or at the six district field offices serving Indians residing throughout 40 counties in eastern Oklahoma. Statements of individual Indian money accounts are furnished to the field representatives at the district field offices.

To furnish the Indian with a record of his transactions as they appear in the individual Indian money accounts for comparison with his own information so that he may determine and resolve any discrepancies that may exist, we recommend that the Area Director take action to assure that statements are mailed periodically to all holders of individual Indian money accounts.

In addition to the copies of form 5-796, revised, maintained for the files and for the Indian, one copy is sent semiannually to designated Federal records center for safekeeping. We can ascertain no valid reasons for the requirement that a copy of the IIM account transactions be sent to Federal record centers for safekeeping. Accordingly, we recommend that consideration be given to

the feasibility of eliminating the copy that is now sent to the Federal records center, inasmuch as that copy serves no practical purpose.

19. Payments of royalties on lead and zinc mining leases

Checks for royalties from lead and zinc mining leases on Indian restricted allotted lands, formerly under the jurisdiction of the Quapaw Agency at Miami, Oklahoma, and presently under the jurisdiction of the Miami field office of the Five Civilized Tribes Agency, located at Miami, Oklahoma, are received from the lessees by the Bureau and deposited in the United States Treasury pending distribution to individual Indian money accounts. This procedure is authorized by the Code of Federal Regulations (25 C.F.R. 201.3).

Our audit of the Miami field office disclosed that there are many instances where distributions to various heirs are involved in the royalty payments, thereby creating a considerable workload. More than 300 heirship accounts are maintained by the Miami field office. During fiscal year 1954 one of the royalty proceeds required a distribution among 64 heirs owning an interest in the lease.

Direct royalty payments from mining leases is authorized, however, to lessors of restricted Indian lands of the Five Civilized Tribes under the Code of Federal Regulations (25 C.F.R. 183.18 b).

To transfer more responsibilities to the Indians in accordance with the Bureau's program for the withdrawal of Federal supervision over Indians and to reduce the Bureau's work in the administration of leases, we recommend that the Commissioner of Indian

Affairs take the necessary action to authorize payments of all rentals and royalties from leases on all Indian lands to be made directly to the individual Indian lessors.

20. Deficiencies in cash receipt procedures

The Indian Affairs Manual (vol. IV, part II, sec. 603.02 A) provides that:

"Area Directors shall designate, in writing, employees who are to receive collections. Employees so designated shall be required to furnish bond to the Area Director."

Our audit for fiscal year 1954 disclosed that the responsibility for handling cash receipts was being discharged by four employees who were not bonded. Three of the employees had not been specifically designated by the Area Director to handle receipts.

The Indian Affairs Manual (vol. IV, part II, sec. 603.02 B

(3)(c)) provides also that:

"Cash shall not be transmitted in the mail or by messenger. Cash received shall be exchanged for bank check, or money order, for transmittal to authorized collectors."

Our audit disclosed, however, that certain field collection agents were transmitting cash through the mails to the area office. This procedure, contrary to the manual provision, was authorized by the Assistant Area Director and Indian Service Special Disbursing Agent in Administrative Memorandum No. 13, dated May 23, 1952.

Our audit disclosed also that field receipt pads (form No. 5-777) are stored by the Branch of Individual Indian Moneys at the Anadarko area office in an unlocked cabinet during office hours and are accessible to all employees as well as to visitors. Moreover, although the field receipt forms are prenumbered they are not always used and submitted to the area office by field collectors in numerical sequence.

To strengthen cash receipt procedures and to safeguard the Government against the possibility of loss of cash, we recommend that the Area Director take the necessary action to comply with the provisions of the Indian Affairs Manual stated above. We recommend also (a) that receipt pads be stored in a locked cabinet accessible only to employees charged with the accountability thereof and (b) that collector agents be required to use field receipts in numerical sequence to facilitate the accounting for cash receipts.

21. General ledger control accounts not in agreement with subsidiary ledgers

General ledger control accounts for stores, equipment, and structures and improvements were not in agreement with property accounts trial balances and the property records as of June 30, 1954. Upon our request the area accountant reconciled the differences between the general ledger control and subsidiary accounts.

To provide greater assurance that the Bureau's property and equipment is properly accounted for, we recommend that the Area Director take necessary action to bring these records into agreement and that thereafter the reconciliation of these records be kept on a current basis.

22. Salary and expenses of Tribal Relations Officer paid from funds not allotted for such purposes

Salary and expenses of Administrative Assistant--Tribal Relations Officer, position No. R-11.37, in the amount of \$6,221, were paid during fiscal year 1954 from funds allotted to the Muskogee Area Office for the management of Indian Trust Property from the

Resources Management appropriation (Symbol No. 1442201). Appropriation allotments to the Muskogee Area Office for fiscal year 1954, however, did not provide funds for tribal relations activities.

During fiscal year 1952 the Branch of Tribal Relations was shown on the Muskogee Area Office organization chart under the Community Service Division with a Tribal Relations Officer (position No. 7.28.59-GS-301-9) as the branch supervisor. About May 1, 1952, the Area Branch of Tribal Relations was abolished.

Reclassification of position No. 7.28.59-GS-301-9, Tribal Relations Officer, to that of Administrative Assistant, position No. R-11.37, GS-9, Division of Administration, was authorized by Standard Form 75, United States Civil Service Commission Position Description, signed by the Area Director, as "Head of Field Office" on May 23, 1952, and approved by the Assistant Classification Officer, Bureau of Indian Affairs, Washington, D.C., on December 12, 1952. The former Tribal Relations Officer was assigned to duty as Administrative Assistant, Office of Area Director, Division of Administration, effective January 4, 1953, and continued to perform the same work formerly performed as Tribal Relations Officer in addition to acting as confidential secretary to the Area Director.

In a letter addressed to the Commissioner, Bureau of Indian Affairs, Washington, D.C., dated May 26, 1952, the Area Director forwarded the position description of Administrative Assistant, position No. R-11.37 (7.28.59), covering duties performed by the former Tribal Relations Officer, with the request that it be

examined for classification and title approval, and that the position be financed for the remainder of fiscal year 1952 from the allotment for the Management of Indian Trust Property. The Area Director requested also that for fiscal year 1953 the salary and travel expense of this position be paid either from administrative expenses or from the Management of Indian Trust Property allotment.

In reply, the Executive Officer, Bureau of Indian Affairs, Washington, D.C., in a letter dated August 12, 1952, stated, in part, as follows:

"A review has been made of the descriptions of duties as listed on both of the classification sheets (which are practically identical) and a comparison made of them with the description of record which was last allocated on April 20, 1950. We fail to see where any material changes in duties or responsibilities have transpired. In view of this, as well as other facts relative to financing the position, no action has been taken on the subject classification sheets and they are returned without action.

"In regard to the continuance in existence and the financing of the position, you are advised that the position as it now functions, according to its description, is not one which may properly be financed from General Administrative Expenses funds. Moreover, due to the urgent need for land positions in other areas, and the fact that tribal activities have been liquidated to a great extent in the Muskogee area, there does not appear to be sufficient justification for its continuance and financing for any great length of time from Management of Indian Trust Property funds. In addition, there is some question as to whether the new description of duties discussed above are even accurate as regards this position since it has come to our attention that the incumbent is actually performing other duties within your office which are not listed either on the position of record or the revised descriptions.

"Inasmuch as it is understood that some work remains in connection with the liquidation of the tribal relations program within the area, it has been decided to continue in existence and to finance the position, as presently described, from Management of Indian Trust Property funds through the balance of the fiscal year 1953 and to abolish it effective June 30, 1953.

"It will be incumbent upon your office to terminate the services of the present incumbent of the position or to reassign her to another position within your organization for which she is qualified on or before the abolishment date. ***"

On April 7, 1954, the Commissioner of Indian Affairs in reply to a telegram, dated March 11, 1954, from Principal Chief of Cherokee Nation, requesting retention of the Tribal Relations Officer at the Muskogee Area Office, stated in part:

"*** I have looked into this matter and although some consideration has been given to the abolishment of the position because of fund limitations, it has now been decided to continue the position as long as there is need for it. ***"

It is apparent from the foregoing paragraphs that money was not to be used for tribal relations work during fiscal year 1954, and in order to retain this position it was necessary to use funds allotted for other purposes to pay the salary and expenses of the Tribal Relations Officer.

Because the position description (No. R-11.37) does not permit the payment of such salary and expenses from administrative expense funds, and since the job description fits a position which was ordered abolished and no funds allotted therefor, we recommend that the position either be abolished or, if there is a need for the position, as indicated by the Commissioner's letter of April 7, 1954, that funds be allotted for the purpose.

23. Meals and lodgings furnished without charge

Parents and alumnae visiting the Sequoyah Vocational School are furnished, free of charge, one meal during the day if the visit is for the duration of the day and the evening meal, lodging, and breakfast if the visitor remains at the school overnight.

Records are not maintained by the school to show the number of free meals served to parents and alumnae visitors, nor are records maintained to show the number of lodgings furnished.

The area policy of furnishing free meals and lodging to visiting parents and alumnae at the Sequoyah Vocational School is not in conformity with the provision of the Indian Affairs Manual (vol. IV, part III, sec. 507.04), which states in part as follows:

"It is not the policy of the Bureau of Indian Affairs to furnish quarters to non-Government employees, either for cash payments, or for rendering of personal services in lieu of rent *** Considerable discretion should be exercised in furnishing quarters to other persons. In no case may the Area Director furnish quarters to a non-employee who agrees to pay in personal services in lieu of rent. ***"

The manual (vol. IV, part III, sec. 512.08) provides also that:

"Where an employee not regularly subsisting at a Government-maintained table is allowed by the officer in charge, occasionally, to take one or two meals a day; or where a non-employee is allowed an occasional meal at a Government-maintained table, the rate charged for such meal shall be double the cost per meal as computed in Section 512.06 of this chapter. Cash shall be collected for each occasional meal taken regardless of whether the individual is employee or not."

We recommend that the Area Director take corrective action to require manual compliance regarding the furnishing of meals and quarters at field installations.