

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

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

TO THE READER:

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

FEB 27 1956

DIVISION OF AUDITS

B-118601

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

Dear Mr. Emmons:

Herewith is our report on the audit of the Anadarko, Oklahoma, Area Office, Bureau of Indian Affairs, for fiscal year 1955. During the audit we reviewed selected phases of the organization, procedures, and operations at the locations visited and gave particular attention to the deficiencies reported as a result of our audit for fiscal year 1954. We have given consideration to the area office's corrective actions with respect to our report for 1954.

Our audit disclosed certain failures in the area office to comply with stated policies and procedures of the Bureau included in the Code of Federal Regulations and the Indian Affairs Manual. Many of these deficiencies would have been disclosed by a vigorous program of administrative inspection and internal audit. Such a program would afford the Bureau an opportunity to take corrective action based on its own findings.

We wish to acknowledge the cooperation given to our representatives at each of the locations in the area visited by us. Our findings have been reviewed with responsible area officials during the audit. The Area Director has been advised in writing of most of the findings reported herewith; and he has informed us that in nearly all instances corrective action has been or 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 of Audits

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1. Disbursements of individual Indian moneys not supported by applications for withdrawal

In our report for the fiscal year 1954 (see item 13, p. 17) we pointed out that many disbursements of individual Indian moneys were made without adequate support. Although we noted improvement during the fiscal year 1955 audit, this deficiency still existed.

During our audit for fiscal year 1955 we selected for examination 62 individual accounts maintained by the Kiowa subagency of the Anadarko Area Office. These accounts contained 923 disbursements made during fiscal year 1955. This audit disclosed that 96 out of 923, or about 10 percent of the disbursements examined, were not supported by applications for withdrawal, form 5-139b, or other supporting documents in the applicable jacket file maintained for each account. Neither did the jacket file contain a written determination by the Superintendent as to the competency of the Indians involved to handle the amounts withdrawn without supervision, as required by the Indian Affairs Manual (42 IAM 603.03 E(19)(b)).

About one-third of the unsupported disbursements were made subsequent to the Area Director's Circular No. 106, dated February 23, 1955. This circular provided in part:

**** No checks shall be drawn from accounts of Individual Indians, tribal groups or tribal association accounts unless a properly approved application on Form 5-139b or other authority is on file in the individual folder of the owner to support the disbursement. Applications on Form 5-139b serve as a written request for withdrawal of Individual Indian Money in the same manner as checks are used in commercial banks. ****."

To account properly for moneys held in trust by the Bureau and to prevent payments of Indian moneys to unauthorized persons, thereby avoiding the possibility of claims against the Government, we recommend that the Area Director take action to obtain compliance with his specific instructions to assure that all withdrawals of Indian moneys are supported properly, in accordance with applicable regulations.

2. Applications for withdrawal of individual Indian money not prepared properly

Some applications for withdrawals of individual Indian money are signed or approved by persons not authorized to do so and applications do not always show the purpose for which the moneys are withdrawn. The Indian Affairs Manual (42 IAM 603.03 E(19)(b)) provides that each disbursement from an individual Indian account shall be supported by an application signed by the Superintendent or an official designated to act in his capacity.

a. Our audit for fiscal year 1955 of the individual Indian money accounts maintained by the Kiowa Subagency of the Anadarko Area Office disclosed that certain applications for withdrawal of individual Indian money, form 5-139b, were approved by the Deputy Indian Service Special Disbursing Agent who also prepared and issued the checks. We had pointed out similar deficiencies in the report for the fiscal year 1954 (item 13, p. 17).

Out of the 62 individual Indian money accounts selected for examination, during the fiscal year 1955 audit, there were 164 applications for withdrawal which were not approved by the Superintendent, or an official designated to act in his capacity. Five applications were not approved at all and 159 were approved by the Deputy Indian Service Special Disbursing Agent at the Kiowa Subagency Office, Anadarko, Oklahoma, who also signs and issues the checks. Moreover, 14 of the applications were approved by this Deputy Indian Service Special Disbursing Agent subsequent to February 23, 1955, date of the Area Director's Circular No. 106, authorizing only the field representative and the social worker (alternate) to approve applications for withdrawal of individual Indian money.

b. The purpose for which Indian money was withdrawn was not shown on the application, form 5-139b, nor was there evidence in the individual account jackets to show competency of the Indians involved to handle, without supervision, the amounts withdrawn. Of 923 disbursements examined, 239 did not show the purpose for which the withdrawals were made.

Form 5-139b provides space to show the purpose for the withdrawal. Without such information the superintendent cannot maintain supervision over the funds of Indians who are not competent to handle the amounts requested.

c. Applications for withdrawal of individual Indian money, form 5-139b, were signed by persons other than the owner of the account. Our audit disclosed 48 applications for withdrawal, form 5-139b, which were signed by persons other than the owner of the account. In most cases the individual who signed the

application was related to the account owner. There was no evidence in the applicable individual account jackets to show that the relatives had authority to sign the applications. Similar deficiencies were noted in our audit report for fiscal year 1954 (item 14, p. 18).

d. The examination of individual Indian money account No. R-29, owned by an Indian unable to sign her name (not included in the 62 accounts examined), disclosed that 50 withdrawals without proper support totaling \$10,131 were made from this account during the period July 1, 1953, to June 30, 1955. Our audit disclosed that 36 of the withdrawals were not supported by applications, form 5-139b; 3 disbursements supported by form 5-139b were signed by thumbmark but were not witnessed; and 8 applications for withdrawal were signed by a relative for the account owner. Checks No. 147,680 for \$100 dated October 15, 1954, No. 152,077 for \$65 dated November 12, 1954, and No. 155,554 for \$161.41 dated November 30, 1954, were endorsed with the alleged signature of the account owner.

This account was brought to the attention of the Area Director who had the account owner execute forms 5-139b covering withdrawal of funds from the account for the 2-year period in question. The account owner's thumbprint was witnessed by the Bureau's field representative and realty clerk at the Shawnee Subagency Office.

To avoid payments of individual Indian money to unauthorized persons and to account properly for moneys held in trust by the Bureau, we recommend that the Area Director take action to assure that:

- a. Applications for withdrawal, form 5-139b, are approved by properly authorized officials.
- b. Applications for withdrawal, form 5-139b, show the purpose of the proposed expenditure clearly in the space provided therefor. Also, in cases of withdrawals for unrestricted use, that written determinations of competency of the Indians to handle the amounts withdrawn without supervision be made by authorized officials and filed in the applicable individual account jackets.
- c. Signature or thumbmark cards are established and retained in the account jackets to provide positive identification. Initial identification of thumbmark signatures should be established by two disinterested, reputable witnesses.
- d. Applications for withdrawal, form 5-139b, are signed by the account owners, or by other authorized persons. Such authorizations should be in writing and retained in the appropriate individual account jackets. Thumbmark signatures on applications for withdrawals should not be accepted unless they are witnessed by at least one disinterested, reputable person and are clear enough for comparison with the signature cards.

3. Statements not furnished semiannually to individual Indian money account owners

In the report for the fiscal year 1954 (item 17, p. 21) we pointed out that statements were not furnished to the Indians who have individual Indian money accounts, except upon their request. We recommended that the Area Director take action to assure that statements are mailed periodically to all holders of individual Indian money accounts in accordance with the Indian Affairs Manual (42 IAM 603.03 E(19)).

Our audit for fiscal year 1955 of the individual Indian money accounts maintained at the Kiowa Subagency of the Anadarko Area Office disclosed that statements of individual Indian money accounts as of December 31, 1954, had been mailed to the account owners. Statements prepared as of June 30, 1955, however, had not been mailed to the Indians because the Area Director had requested in a

letter to the Commissioner dated November 25, 1954, that statements be furnished to account owners only at the close of each calendar year. On December 7, 1954, the Chief of the Fiscal Section, in Washington, advised the Area Director that the furnishing of statements once each year would be considered. Permission had not been granted to deviate from manual provisions at the completion of the field audit work in August 1955.

We believe that statements should be furnished to Indian account owners at least twice a year so that the Indian may have fairly current information on the transactions in his account for comparison with his own records. Accordingly, we recommend that the Area Director comply with manual provisions until such time as proper authority is granted to deviate therefrom.

4. Excessive copies of Individual Indian Account Ledger sheets

In the report for the fiscal year 1954 (item 17, p. 22) we recommended that the copy of Form 5-796, Individual Indian Account Ledger sheet, submitted for storage to a Federal record center for safekeeping, be discontinued because we were unable to obtain a valid reason for this requirement.

Our audit of the individual Indian money accounts maintained by the Kiowa Subagency of the Anadarko Area Office disclosed that this practice was still continued during fiscal year 1955. By memorandum, dated July 20, 1955, the Commissioner instructed Area Directors to discontinue sending the second copy of form 5-796 to Federal record centers for storage and instead to arrange to store such copies within each area.

Because we are still unable to obtain a valid reason for the requirement that this copy of form 5-796 be retained in storage, we recommend that the Commissioner authorize its elimination.

5. Overdrafts in individual Indian money accounts

Our audit of the individual Indian money accounts maintained by Kiowa Subagency of the Anadarko Area Office for fiscal year 1955 disclosed overdrafts in two individual Indian money accounts at June 30, 1955, totaling \$59. One overdraft for \$42 arose on September 10, 1954, and one for \$17 was incurred on February 15, 1955. In reply to our informal inquiry dated September 7, 1955, on this matter, the Area Director stated on October 13, 1955, that the \$42 had been collected and the overdraft of \$17 would be collected in December 1955 from anticipated lease income.

In the report for the fiscal year 1954 (item 18, p. 22) we noted that five overdrafts amounting to \$57 existed in the individual Indian money accounts maintained by the Pawnee Subagency. We were informed by the Area Director that these overdrafts had been cleared in fiscal year 1955.

To discharge satisfactorily the responsibilities for handling individual Indian money accounts, we recommend that the Area Director take action to prevent improper payments to individual Indians throughout the area.

6. Trust receipts not distributed promptly

During our audit of account number 2224.3, Deposits--Other, maintained by the Kiowa Subagency of the Anadarko Area Office, we noted deposits which had not been cleared for a long period of time. At June 30, 1955, the balance in the account was \$111,354 and comprised 119 subaccounts. Fourteen of the subaccounts, totaling about \$5,000 were 1 to 8 years old.

We requested information from the Area Director on August 17, 1955, as to why some deposits have been permitted to remain in the Deposits--Other Account for extended periods of time. Following are some of the items questioned and the Area's reply thereto:

- a. In June 1952 the Oklahoma Gas and Electric Company deposited \$3,104 as right-of-way damages. This deposit was double the estimated amount of the damages. The transfer of \$1,552 to the appropriate allottees was made on December 1, 1952, by Journal Voucher 138. We were informed that the balance of \$1,552 was inadvertently overlooked and that the remaining \$1,552 was refunded to the Oklahoma Gas and Electric Co. on August 31, 1955.
- b. On July 16, 1948, the County Commissioners of Blaine County deposited \$244 to cover highway right-of-way damages. We were informed that only a copy of the receipt and a copy of a letter to the County Clerk requesting the purpose of the remittance was in the files and that the County Commissioners would be contacted so that the account may be cleared.
- c. On February 12, 1948, the State Highway Department deposited \$50 for right-of-way damages. We were informed that the ultimate disposition of this deposit would be determined.
- d. E. B. MacNeal Grain Company deposited \$21.50 on September 29, 1952, and \$636 which was due various individual Indians of the Shawnee Subagency on November 1, 1947. The Area Director informed us that numerous heirs were involved and that only recently had the required signatures been obtained by the subagency.

- e. The County Commissioners of Pottawatomie County deposited \$75 on July 16, 1951, for road right-of-way damages. We were informed that the file was returned to the County Engineer for correction on January 8, 1952, and since 1952 the area office has been unable to secure return of the file nor can it be located at the present time by the County Engineer.
- f. The following amounts were deposited for rights-of-way or for oil and gas rental.

<u>Depositor</u>	<u>Date of deposit</u>	<u>Balance in account at June 30, 1955</u>
Deep Rock Oil Corporation	Various from November 1951 to October 1953	\$ 1,139
Cavalier Gas Transmission Co.	October 1954	521
Midland Cooperative and Wholesale	June 1953	122

We were informed that the area office was awaiting further papers from the applicant before these balances can be cleared.

Action has been taken as result of our inquiry to properly dispose of amounts included in the records for long periods of time. Two cases in particular, (d) and (e), show the need from prompt follow-up action. The older the account is, the more difficult or time consuming to properly dispose of the balance.

The Area Director has informed us that proper disposition will be made of all balances in the account as soon as possible. We recommend that the Area Finance Officer make periodic follow-up action to have old balances cleared, at least on a quarterly basis.

7. Land sale fees

Our audit at the Kiowa Subagency of the Anadarko Area disclosed that sales fees are not charged to cover the cost incident to land sales negotiated between Indians without advertising.

Our review of land records disclosed 24 land transactions between Indians for the 11-month period ending May 31, 1955, on

which fees had not been collected. Four of the transfers were made for \$1 and "love and affection." Nineteen of the land transactions involved transfer of funds. Examples of such sales are as follows:

<u>Allotment number</u>	<u>Amount of sale</u>
Comanche 1993	\$ 11,904
Kiowa 3004	8,000
Wichita 531	4,200
FSA 39 and 40	3,300
Caddo 718	2,000

Except for sale FSA 39 and 40, the purchasers agreed not to request a patent in fee or to sell the land for a 3-year period. If conditions forced a sale in the 3-year period the purchaser agreed to sell to the tribe or an eligible member thereof.

The Code of Federal Regulations (25 C.F.R. 241.21 and 241.22) provides for the collection of fees to recover costs incident to land sales. Area officials informed us, however, that the Bureau has considered the cited regulations inapplicable to negotiated transactions between Indians when the land remains under the Bureau's jurisdiction. The regulations do not specifically exempt land transactions of this nature.

The Bureau provides certain services in connection with these sales in the same manner as for other sales. These services include (1) reviewing the requests, (2) examining tract books for ownership, (3) approving the deeds, and (4) recording the transactions in subagency records. In addition, land appraisals are required on all land sales.

To reduce the cost to the Government of handling land transactions, we recommend that the Commissioner take appropriate

action to require fees to be collected on land sales negotiated between Indians. We recommend also that the Commissioner take appropriate action to establish fees for land transactions, such as exchanges, gifts, rights-of-way, and partitions, in accordance with proposed basic policy of the Bureau in reply dated April 12, 1954, to the report of the Bimson survey team.

8. Probate fees are in need of revision

Fees assessed by the Bureau for probating and administering Indian estates containing individual Indian land interests and moneys do not compare favorably with fees charged for similar services under Oklahoma statutes. The Bureau does not recover the cost of the services rendered, and the larger estates do not bear a proper share of the costs of probating and administering Indian estates.

The Code of Federal Regulations (25 C.F.R. 81.22) provides for the assessment of fees for probating restricted estates in accordance with law (25 U.S.C. 377), as follows:

<u>Estate valuation</u>	<u>Fee assessed</u>
\$.00 to 249.00	\$ 00.00
250.00 to 1,000.00	20.00 ^a
over 1,000.00 to 2,000.00	25.00
over 2,000.00 to 3,000.00	30.00
over 3,000.00 to 5,000.00	50.00
over 5,000.00 to 7,500.00	65.00
over 7,500.00 to -	75.00

^a It is noted that the \$20 fee is 2 percent of the valuation at the top of the bracket. An estate of \$250, however, is charged 8 percent.

During the 1955 fiscal year 221 probate cases involving estates totaling \$1,550,000 were concluded by the examiner of inheritance at the Shawnee Subagency. The examiner probated all cases for the

Southern Plains Agency and Pottawatomie Area Field Office of the Anadarko Area, Quapaw Subagency of the Muskogee Area, Winnebago Indian Agency of the Minneapolis Area, and Shawnee Civil War Claims. Of the 221 cases, 68 or 30 percent were in excess of \$7,500 each. Fifty-four of these estates, or over 24 percent, were in excess of \$10,000 each. The Bureau assesses a flat fee of \$75 for probating and administering all estates in excess of \$7,500.

Although the various state statutes are not uniform in stating fees for the probating and administering of estates, the State of Oklahoma provides a comparison with the provisions of 25 C.F.R. 81.22 because the cases probated involved, for the most part, residents of the State of Oklahoma. The Oklahoma Statutes, 1951, volume II, title 58, section 527, provide:

"In fees and commissions.--When no compensation is provided by the will, or the executor renounces all claim thereto, he must be allowed commissions upon the amount of the whole estate accounted for by him, ***, as follows: For the first thousand dollars, at the rate of five percent; for all above that sum, and not exceeding five thousand dollars, at the rate of four percent; for all above that sum, at the rate of two and one-half percent; and the same commission must be allowed administrators. ***."

Examination of the estate of Comanche allottee number 1929 revealed that the deceased possessed an estate of \$172,255 under control of the Bureau, and an estate of \$112,572 subject to probate and administration under the laws of the State of Oklahoma, or a total estate of \$284,827.

The comparative costs of probating and administering this estate, as reported on Schedule J, Treasury Department Form 706, Internal Revenue Service, United States Estate Tax return, follow:

	<u>Restricted portion of estate</u>	<u>Unrestricted portion of estate</u>	<u>Total gross valuation</u>
Appraised value of estate	<u>\$172,255</u>	<u>\$112,572</u>	<u>\$284,827</u>
Fees assessed by the Bureau of Indian Affairs	\$ 75	\$ -	\$ 75
Fees assessed unrestricted estate under the laws of Oklahoma:			
Executor's commission (estimated)	<u>-</u>	<u>3,000^a</u>	<u>3,000</u>
Total			<u>\$ 3,075</u>
Fee assessed for probating and administering the \$172,255 estate under Bureau control	<u>\$ 75</u>		
Fee assessed for probating and administering the \$112,572 estate subject to Oklahoma law		<u>\$ 3,000</u>	

^aCourt costs of \$350 and necessary expenses of administration of \$800 assessed the unrestricted portion of the estate have been omitted because they may include dissimilar functions.

On an estate of \$172,255 the laws of the State of Oklahoma provide for a fee of \$4,391 in executor's commissions. An Indian holding restricted lands and individual Indian moneys in the same amount receives comparable services from the Bureau at a cost of \$75.

A further consideration is that the Government is not recovering the costs of probating and administering Indian estates under the jurisdiction of the Bureau of Indian Affairs. During fiscal year 1955 the Office of the Examiner at Shawnee, Oklahoma, was allotted \$13,895, while fees assessed under the provisions of 25 C.F.R. 81.22 amounted to only \$9,815, for a deficit of \$4,080.

Additional costs are incurred in the probating and administering of Indian estates by the Bureau. Bureau employees periodically report estates to be probated to the examiner, and do the preliminary work of heirship determination. They receive moneys for the estate and hold such moneys in trust. After probate, the results are processed through the various land and individual Indian moneys records; and postings, often complex, are made to heirship index cards, land allotment records, tract books, and the individual Indian money accounts; and creditors of the estate are paid as determined by the examiner.

The cost of these services, excluding the cost of the time allocable to the handling of individual Indian moneys and the Osage Agency which finances its own functions, approximates \$7,000. This amount is based upon the 1955 fiscal year cost of land management expenses allocated in accordance with information received from area officials.

We were informed by area officials that 10 percent of the employees' time in the handling of individual Indian money accounts is applicable to probate cases. Accordingly, the estimated cost of general trustee services for fiscal year 1955 applicable to probate work amounts to \$6,470. The total cost for probate work performed in connection with the cases handled by the examiner at Shawnee Subagency is estimated at \$27,365. This cost is conservative because it does not include similar Bureau costs of the Quapaw Subagency and Winnebago Indian Agency, under the jurisdiction of other Bureau area offices but included in the workload handled by the examiner or inheritance at the Shawnee Subagency.

In our report to the Congress on the administration of Indian lands, we are recommending that the Congress consider legislation designed to increase probate fees to provide in the aggregate for the recovery of costs to the Government of processing probate cases.

9. Shelter rents for Bureau facilities are less than the rent for comparable private units

Shelter rents for Bureau facilities at certain locations are less than the rent for comparable private units. The Indian Affairs Manual (43 IAM 501.01 and 502) requires the Area Director to approve rental rates for Bureau-owned facilities comparable to privately owned facilities. On June 11, 1954, an amendment to 43 IAM 506.01 (A) revised the basis and increased the percentages for computing isolation allowances, and provided for a sliding scale deduction, based upon the number of miles the Government housing facilities are located from an established community, to be applied to such comparable private housing rates. Our audit disclosed that the isolation deduction was not computed on the proper basis or was not realistic.

Following are our findings at the three locations visited during the audit:

a. At the Pottawatomie area field office Bureau employees occupy 3 houses located on the Pottawatomie Reservation, about 1 mile from the town of Mayetta, Kansas. Two of Bureau-owned quarters consisted of about 1,300 square feet each and one about 2,800 square feet. The shelter rental on these houses was based on an evaluation survey made by the Bureau on January 23, 1953, using the town of Mayetta, population 500, in determining comparable private housing rates. Under this survey the average basic shelter rent was \$25 a month or about \$11.50 biweekly.

In August 1954 the shelter rent on the Bureau housing was reduced by an isolation allowance permitted by the amendment to the Indian Affairs Manual. An isolation allowance of 31 percent was based upon the 20-mile distance of the Bureau housing to Topeka, Kansas, the nearest city having a population over 3,000. This allowance was made against the rental established by the January 1953 survey. A reevaluation based upon comparable housing at Topeka was not made.

Comparison of the Bureau facilities with comparable private quarters in Topeka, Kansas, disclosed that comparable shelter rent at this location was about \$30 biweekly. Applying an isolation allowance of 31 percent would reduce the shelter rent to \$20.70 biweekly. The basic shelter rent for the Bureau-owned quarters averaged \$8.20 biweekly, or a difference of \$12.50. This difference represents an annual loss in rental income of about \$975, or an average of \$325 for each housing unit.

b. At the Shawnee Subagency the Bureau leases five cottages and one 4-unit apartment house to employees. Our review of shelter rents charged by the Bureau for these houses disclosed that the evaluation survey was based on comparable private housing in the city of Tecumseh, Oklahoma (population 2,275), located 3 miles from the subagency, whereas the city of Shawnee, Oklahoma (population 22,948), is located only 2 miles from the subagency. The subagency is closer to the business center of the city of Shawnee than many houses in Shawnee. On August 15, 1954, the basic shelter rents were reduced 6 percent as an isolation allowance for the 3-mile distance to Tecumseh.

Two of the rental cottages at the Shawnee Subagency, on which evaluation records were available, were reviewed to determine comparable private housing rentals. Government quarters number 2 and number 8 had a basic monthly shelter rental, before isolation allowances, of \$20 and \$22.50, respectively. Comparable rental for houses located within one-quarter mile of the agency was \$35 a month.

c. Bureau employees of the Anadarko Area occupied 19 Government quarters, during fiscal year 1955, at "Old Town," located about 1 mile from the city of Anadarko, Oklahoma (population about 6,100). Effective August 15, 1954, shelter rents were reduced by 2 percent as an isolation allowance for the 1 mile.

The Indian Affairs Manual (43 IAM 506.01 (A)) states in part:

"***. No reduction from rates charged for comparable housing services will be allowed when the private housing with which the comparison is made is in the same local area *** as the Government housing. ***"

Because Anadarko, Oklahoma, is an established community and the Government quarters are located within 2 miles of the downtown area, the isolation allowance, although small, is unwarranted.

Rentals to the Government for quarters have been improperly reduced because the area office (1) has not used comparable private housing for determining basic shelter rents, (2) has computed isolation allowances before reevaluating properly the basic shelter rentals involved, and (3) has not used realistic isolation allowances.

The Area Director has informed us that reevaluation would be made of all quarters within the area during fiscal year 1956.

Accordingly, we are deferring recommendations at this time, but it is suggested that the reevaluation be completed and the rentals adjusted at the earliest practicable date, so that further losses to the Government on rental income are prevented.

10. Charges for utility services are lower than comparable private charges

Our audit at the Anadarko Area Office disclosed that Bureau charges for utility and related services at 19 Government quarters located at "Old Town" were lower than comparable private charges.

Bureau of the Budget Circular A-45 (Revised) dated June 3, 1952, provides that "Government charges to Government employees for utilities (heat, electricity, gas, water, ice, telephone, etc.) should be set by comparison with local domestic rates for similar services." These Government quarters are located only 1 mile from Anadarko, Oklahoma (population about 6,100), or within the same local area as Anadarko. Accordingly, charges for utility services should be comparable to the cost of the services to private individuals living in the city of Anadarko.

The Bureau's evaluation schedule for quarters, form No. 5-1151, on these Government houses, showed the charges to Bureau employees for utility and related services and the comparable private service charges, as follows:

	Monthly charges by Bureau	Comparable private charges
Electric current	\$.81 to \$1.37	\$5.25 to \$7.50
Gas service	\$1.26 to \$3.10	\$4.53 to \$8.50
Water service	No charge	\$1.25 to \$1.76
Garbage removal	\$.75	None stated

Based upon a weighted average monthly charge, the difference between the charges made by the Bureau for the above listed services and the comparable private rates on the 19 housing units involved is about \$2,100 a year.

Area officials informed us that the electricity furnished Government rental quarters is recorded on the same meter as the electricity furnished to all Government installations at Anadarko. The same condition exists in connection with the gas service. Since the rate and the quantity used resulted in a lower cost to the Government, the Area Director did not believe it fair to charge Bureau employees more than the cost to the Bureau for such services. Our audit disclosed, however, that the Bureau's rate did not equal its cost. Examination of the electric billings for the fiscal year disclosed that the average per kilowatt-hour cost was \$.0143 compared with \$.007 charged Bureau employees. The latter figure represented only the energy charge on kilowatt-hours in excess of the demand (capacity) charge. By using the 7-mill rate, the Bureau was charging the rental units about \$240 less than cost for the fiscal year.

A similar situation exists for gas service. The Bureau charged the employees \$.015 per 100 cubic feet, but the average cost of 100 cubic feet of gas to the Bureau for fiscal year 1955 was \$.0271. Consequently, the Bureau's charge for this service was about \$280 less than cost for the fiscal year.

The Bureau employees occupying Government-owned quarters do not pay for water service. We were informed by area officials

that the city of Anadarko supplies the water at no cost to the Bureau in exchange for "dump ground" privilege on a parcel of Government-owned land. Since no water service cost is involved, the area does not charge the employees occupying Government-owned quarters. Whatever value this land has to the Government is, in part, being passed on as a credit to the Bureau employees occupying quarters.

Garbage and refuse is collected by the Bureau and a charge of 75 cents a month is made for this service. The accounting records maintained by the Bureau do not show the cost of this service nor has a determination been made of the approximate cost by a cost study.

To provide for proper charges for utility services at Government-owned quarters occupied by Bureau employees, and to comply with the provisions of Bureau of the Budget Circular A-45 (Revised), we recommend that the Area Director make appropriate revisions in the rates for utility services supplied to these rental quarters.

11. Motor vehicle records not maintained properly

The records maintained by the area office on vehicles, such as property record cards (form DI-100), records of licenses assigned, information in the individual motor vehicle folders, and monthly operating cost reports, are not maintained properly and are not reliable.

Our audit of records for vehicles and reports based thereon disclosed the following:

a. The Anadarko Area Office showed 260 motor vehicles on hand at June 30, 1955, in its annual motor vehicle report to the Commissioner of Indian Affairs, dated August 20, 1955. The motor vehicle records as of June 30, 1955, however, showed the following:

Total of vehicles as shown by property cards (form DI-100)	265
Total of vehicles as shown in individual vehicle folders, and on record of licenses issued	278

Attempts to reconcile the differences were not successful because many of the property record cards were not complete and did not show the make of vehicle, model, and other identifying information. The property records showed a total of 265 motor vehicles on hand at June 30, 1955, but 62 of the vehicles could not be identified and therefore could not be reconciled with the vehicles shown in the annual motor vehicle report to the Commissioner or with the information shown in the individual vehicle folders and the record of the licenses issued. Also property record cards had been duplicated and cards on vehicles disposed of during fiscal year 1955 were still in the active file.

b. The record of licenses assigned to vehicles showed that 24 motor vehicles were acquired during the 1955 fiscal year and were assigned license numbers 52503 through 52526. The Area Director's annual report to the Commissioner, dated August 20, 1955, omitted license number 52521 assigned to a 1953 Ford 2-door sedan acquired April 25, 1955. This vehicle was on hand at June 30, 1955, according to the license records.

c. Sales contracts and information in the individual vehicle folders disclosed that 18 motor vehicles were disposed of during fiscal year 1955, nine were sold by the Bureau, eight were sold for the Bureau by the General Services Administration, and one was transferred to the Bureau's offices at Albuquerque, New Mexico. The Area Director's annual report to the Commissioner, dated August 20, 1955, showed that only eight vehicles were disposed of during the fiscal year.

To provide proper control over motor vehicles in the Anadarko Area and to show accurate information in reports on these vehicles, we recommend that the Area Director require that a physical inventory be taken of all motor vehicles and that property cards (form DI-100) be maintained properly in accordance with applicable manual provisions.

12. Records and reports on operation and maintenance costs of motor vehicles not reliable

Our review of operator's records (form DI-120) and the related annual report cards (form 5-700) disclosed numerous errors in costs and in reports prepared therefrom.

Disregarding differences of less than one dollar, 14 of 17 comparisons made of records and reports, or 82 percent, were not in agreement. Three examples are listed below.

	<u>Vehicle license number</u>		
	<u>2253</u>	<u>37166</u>	<u>37195</u>
Summary shown in Operator's Record--DI-120	\$ 83.41	\$328.01	\$130.08
Summary shown on Annual Report Card--5-700	39.00	361.00	698.00
Summary by GAO Auditor from Monthly Postings in Operator's Record--DI-120	128.41	354.76	130.08

Our review of these records disclosed also errors in computing and reporting vehicle mileage. Two examples are listed below.

	<u>Vehicle license number</u>	
	<u>2253</u>	<u>37166</u>
Summary shown in Operator's Record--DI-120	8,240 miles	28,185 miles
Summary shown on Annual Report Card--5-700	3,000	7,000
Summary of GAO Auditor from Monthly Postings in Operator's Record--DI-120	3,192	6,639

In order that the Bureau may have accurate and reliable cost information, we recommend that the Area Director take action to require operators of motor vehicles to record costs and related data accurately in the Operator's Record, Form DI-120, and that such costs and related data be summarized and posted correctly to Form 5-700, Annual Cost Records, at the close of each fiscal year.

13. Low mileage use of motor vehicles

The vehicle mileage and operating records maintained by the Anadarko Area Property and Supply Branch showed a number of vehicles with low or no mileage during fiscal year 1955. All of the field installations had not submitted mileage and operating records to the area office and, therefore, the listing of the motor vehicles having low or no mileage for fiscal year 1955, as shown below, is based only upon the available records at the time of our audit.

<u>License number</u>	<u>Location</u>	<u>Type of vehicles</u>	<u>Fiscal year 1955 mileage</u>
2258	Cheyenne-Arapaho School	1941 Diamond 3/4 T	-
2252	do	1942 Intl. 1-1/2 T	-
2355	Chilocco School	1942 Plymouth Sedan	1,019
2358	do	1951 Ford Sedan	2,738
2356	do	1940 Chev. 3/4 T	575
2350	do	1942 Plymouth Sedan	-
2359	do	1941 Chev. 1/2 T	-
39628	Haskell Institute	1946 Pontiac 4 dr.	2,600
39612	Anadarko (Prop. & Sup.)	1952 Ford 1/2 T	669
3103	Carnegie	1942 Ford Pickup	840
43753	Osage Agency	1951 Ford Sedan	-
43754	do	1951 Ford Sedan	-
43756	do	1947 Ford Sedan	1,590
43760	do	1947 Ford Sedan	-
37177	Cheyenne-Arapaho School	Willys Jeep	300
37174	do	do	688
37175	Pawnee Subagency	do	308
37172	Shawnee Subagency	do	723
37173	Osage Agency	do	263
37176	do	do	27

The six Willys Jeeps listed above averaged 385 miles for each vehicle for fiscal year 1955. Since, as noted above, numerous errors have been made in the motor vehicle recordkeeping during fiscal year 1955, we cannot use the results to reach a conclusion as

to whether or not there are excess vehicles on hand in the Anadarko Area. Likewise, the area officials would not be able to make such a determination.

During our visit to the Pottawatomie area field office we noted that the area had four passenger vehicles, three of which were used by area administrative employees and the other by a Branch of Health employee. The three passenger vehicles, used by the field area administrative employees, were driven 2,720, 4,368, and 6,945 miles, respectively, during fiscal year 1955. The field representative agreed that only two passenger vehicles were necessary for his field area's operations. These vehicles are not listed in the above schedule.

We were informed by the Property and Supply Officer that he had requested from each operating unit in the Anadarko Area a list of all motor vehicles used by them, in order to establish a complete motor vehicle inventory record. We recommend that a review be made of the vehicles reported at the earliest possible date so that excess vehicles can be disposed of in accordance with existing regulations.

The consolidation of housekeeping functions at Muskogee, Oklahoma, as of July 1, 1955, provided one Property and Supply Officer to serve both the Muskogee and Anadarko Areas. Accordingly, we recommend that utilization studies for motor vehicle requirements, additions, or disposal be made for both areas as a whole, rather than independently, in order to obtain more effective utilization of motor vehicles.

14. Filing of income tax returns by tribal organizations

Our report on audit of Anadarko Area for the fiscal year 1954 (pp. 6 and 7) commented on the failure of tribal organizations to prepare and file income tax returns for the calendar years 1952 and 1953. Also included were our recommendations for action by area officials thereon, in accordance with the requirements of Bureau of Indian Affairs Manual (47 IAM 509.09).

Review of credit operations for fiscal year 1955 disclosed that tribal organizations in the Anadarko Area did not prepare and file income tax returns at the close of the 1954 calendar year nor were the delinquent returns for calendar years 1952 and 1953 filed. The Area Director informed us that he has issued a memorandum to all tribal councils calling their attention to the necessity of filing income tax returns, together with form 1024 (Exemption Application). Area credit officials are contacting the tribal councils for the purpose of instructing them in the technical details of preparing the forms.

To provide assurance to the Bureau that returns are filed and that penalties are not assessed against Indian tribes in the Anadarko Area, we recommend that the Area Director take such follow-up action as may be necessary to determine that agency superintendents require the preparation and filing of income tax returns by all tribal organizations.

15. Necessity for two field offices at Pottawatomí Area

The Pottawatomí area field office has jurisdiction over the Pottawatomí, Kickapoo, Sac and Fox, and Iowa Reservations located in Northeastern Kansas and Southeastern Nebraska. Two field offices are maintained to serve this area. One of the offices is located at the Pottawatomí Reservation near Mayetta, Kansas, and one at Horton, Kansas, near the Kickapoo Reservation. The need for two field offices is not apparent nor could we obtain valid reasons in discussions at the area office.

The field representative lives at Mayetta but spends 3 days each week at Horton (the field headquarters), 1 day in the field, and 1 day at the Mayetta office. He travels between Mayetta and Horton 3 days each week in a Government car, for a total distance of about 70 miles each of the 3 days. All records of the area are located at Horton. These records are maintained by a fiscal clerk and a clerk-stenographer and consist of the individual Indian money accounts, land administration records, property records, purchase orders, and education contracts. Based upon fiscal year 1955 expenditures, the direct cost of operating the Horton office is about \$1,300 a year, excluding the cost of the field representative's travel of about 200 miles each week between Mayetta and Horton.

Although Horton is centrally located in relation to the four reservations listed above, the great percentage of the Indian land, Bureau installations, and workload is at the Pottawatomí Reservation. Following are examples of workload distribution among the reservations.

Data	Pottawatomí	Kickapoo	Iowa, and Sac and Fox
Number of acres under Bureau jurisdiction	26,404	5,176	2,130
Number of Indians living on or near allotted areas at February 18, 1954	289	162	100
Number of IIM accounts at February 18, 1954 (only 152 had balances at June 30, 1955)	422	114	41
Number of allotments having land for lease in the 1956 notice	50	10	3

Area officials agreed that the maintenance of a single office in the Pottawatomí Area would be practicable and economical. The Area Director believed, however, that the elimination of the Horton office may work a hardship on the tribes located in the three northern reservations.

We do not believe that the maintenance of two field offices in the Pottawatomí Area, about 34 miles apart, to be justified. Moreover, area officials agree that consolidation is both practicable and economical. Accordingly, we recommend that the Area Director take action to close one of the offices and dispose of Bureau property made excess thereby in accordance with applicable regulations.

16. Subsidiary loan records not in agreement with control account balance

The subsidiary records maintained by the Chilocco Indian School on homestead loans due to the Government totaled \$5,821 at June 30, 1955, compared with \$7,135 shown in the Anadarko Area control account 1026.2, Loans Receivable--Other. The difference between area and school records, in the amount of \$1,314, was discussed with the area office fiscal accountant who assured us that corrective action would be taken.

To provide proper control over subsidiary records, we recommend that the reasons for the difference be determined and that monthly reconciliations be required in the future.

17. Office equipment excess to needs

During our review of the property records at the Pottawatomí area field office, we noted that the following office equipment was located at the offices at Horton and Mayetta, Kansas.

Typewriters:	
Portable	1
Regular	12
Long carriage	1
Billing	<u>1</u>
Total	<u>15</u>
Desks	<u>13</u>
Adding machines	<u>3</u>

On July 19, 1955, the field area employees consisted of a field representative, a fiscal clerk, a clerk-stenographer, an equipment operator (roads), a land operations employee, and a part-time janitor.

To reduce the Government's investment in office equipment, either by transfer to other locations or by disposal in accordance with existing regulations, we recommend that the Area Director take the necessary action to eliminate office equipment excess to the needs of the area field office.

18. Deficiencies in payroll procedures

In our audit report for fiscal year 1954 (item 22, p. 25) we listed certain deficiencies in payroll procedures. Our audit for fiscal year 1955 disclosed that corrective action had been taken.

Certain other deficiencies noted during the 1955 audit were discussed with area officials who informed us that corrective action would be taken.

These deficiencies were:

- a. Approved tours of duty were not on file in the Payroll Section authorizing night differential payments, although such payments had been made to certain employees.
- b. The Federal Personnel Manual (R5-41) provides that employees reaching the age of 70, with 15 years of service, are to be notified in writing at least 60 days in advance of the effective date of their compulsory retirement. Procedures had not been established at the area office so that this determination could be made readily.
- c. Authorizations as to the number of meals that employees are to be furnished each biweekly period were not on file in the Payroll Section. Consequently, verification could not be made of the number of meals shown on time and attendance reports.