

**REPORT ON AUDIT
OF
JUNEAU AREA OFFICE (ALASKA NATIVE SERVICE)
BUREAU OF INDIAN AFFAIRS
DEPARTMENT OF THE INTERIOR
FOR THE FISCAL YEAR ENDED JUNE 30, 1954**

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

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WASHINGTON 25

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

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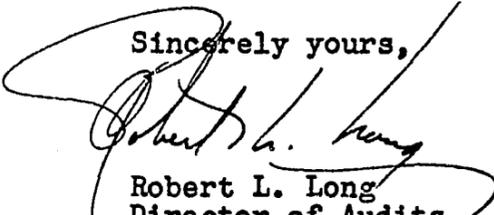
Dear Mr. Emmons:

Herewith is a copy of our report on the audit of the Juneau Area Office (Alaska Native Service) for the fiscal year 1954. During the audit we reviewed the organization, procedures, and operations at the locations visited and gave particular attention to the deficiencies reported as a result of our audit for the fiscal year 1953. We have given consideration to the Bureau's reply, dated August 16, 1954, to our fiscal year 1953 audit report. Because of the short interval of time between the Bureau's reply and completion of our 1954 field work, we have not repeated certain comments on deficiencies which the Bureau is striving to correct. Our observations on deficiencies and weaknesses in procedures and internal control and on certain other matters are set forth in this report.

We recognize that additional problems are encountered by the Bureau in the administration of its activities within the Territory of Alaska and have given consideration to them.

We wish to acknowledge the cooperation given our representatives at each of the locations in the area visited by us. Most of the findings were reviewed with responsible area officials during the audit. 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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JUNEAU AREA OFFICE (ALASKA NATIVE SERVICE)

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DEPARTMENT OF THE INTERIOR

FOR THE FISCAL YEAR ENDED JUNE 30, 1954

1. Charges for medical service to Indians are often not billed or collected

In our report for the fiscal year 1953 (item 1, p. 1) we stated that the Area Director, in accordance with the provisions of the Code of Federal Regulations (25 C.F.R. 85.41(f)), established the policy of charging native beneficiaries able to pay for hospitalization. A charge of 75 cents a day for hospitalization was provided in an office circular dated February 21, 1950. Procedures had not been established, however, for making this policy effective, and charges to natives for hospitalization were generally not made. We recommended that procedures be established to assist area personnel in carrying out the Bureau's policy.

The Bureau's reply to our 1953 audit report pointed out that there were few natives in Alaska who could pay for such services because of widespread unemployment and other economic reasons. In this reply the Bureau stated that certain policy considerations were in the process of development to assist area personnel in administering eligibility requirements for natives entitled to medical care without charge and those required to pay.

During the audit for the fiscal year 1954, conditions similar to those reported in fiscal year 1953 were noted. Fees collected

in fiscal year 1954 from beneficiaries and nonbeneficiaries for hospital, clinical, and medical services rendered through the Bureau's hospital facilities in Alaska totaled about \$48,000, or only 1 percent of the \$4,376,000 cost of operating and maintaining the 8 native hospitals in Alaska.

To reduce the net cost of operating Bureau hospitals, we again recommend that the policy of the Bureau in Alaska be amended so that the patient is assumed to be able to pay until proven otherwise. We recommend also that the Commissioner establish a standard procedure for determining whether or not a hospital patient is indigent or is able to pay for services furnished. The standard procedure should include the checking of patient's resources by reference to welfare, extension, and credit records. The Bureau's records should show clearly the reasons why certain native patients are not billed for services rendered as well as pointing out the procedures followed in determining that the patients are not able to pay.

2. Fees charged for hospitalization require revision

Our audit report for 1953 recommended that, in order to reduce losses on hospital operations resulting from serving nonbeneficiaries in Alaska, hospitalization fees be set in accordance with provisions of the Code of Federal Regulations (25 C.F.R. 84.12). We recommended also that the \$5 a day hospitalization charge set by 25 C.F.R. 85.41(c) be revoked inasmuch as it was inadequate and was not being used anyway.

The Bureau's reply to our 1953 audit report stated that, as soon as final recommendations for new hospitalization charges were received from the Area Director in Alaska and full consideration had been given to all of the factors involved in this policy, steps would be taken to revise the Code of Federal Regulations (25 C.F.R. 85.41(c)).

To reduce the net cost of operating Bureau hospitals in Alaska, we again recommend that the changes in per diem charges for hospitalization services to nonbeneficiaries be revised by the Bureau.

3. Supply of narcotics in excess of current needs

The Juneau Hospital had a supply of narcotics on hand greatly in excess of actual needs. Based on past and expected usage, the following narcotics were in excess supply at June 30, 1954.

<u>Description</u>	<u>Months' supply</u>
Codeine--grs. 1/4 T.T.	123
Codeine--grs. 1/4 H.G.	18
Morphine--grs. 1/4 H.T.	9
Morphine--grs. 1/8 H.T.	48
Morphine--grs. 1/8 atraps grs. 1/150 H.T.	60
Paragoric	116

We noted also that the following two narcotics had no issues during the fiscal year.

Demeral--100 mg. per 2 cc ampule quantity--100	
Morphine--grs. 1/4 atraps grs. 1/50 "	80

The Bureau of Indian Affairs Manual (vol. VI, part III, sec. 906.01 B) states that the supply of commonly used drugs should be limited to 3 months' need and the supply of unusual or seldom used drugs should be limited to immediate use.

To reduce the existing supply of narcotics at Juneau and at other Bureau hospitals and to prevent excess purchasing in the future, we believe that the following steps should be taken by the Area Director:

- a. Excess supplies of narcotics should be circularized throughout the area.
- b. Stocks on hand should be checked before placing orders for narcotics.
- c. Centralized purchasing of narcotics should be established for the area.

4. Increase in cost of Johnson-O'Malley educational contracts

Under provisions of the Johnson-O'Malley Act (25 U.S.C. 452) 22 Bureau schools have been turned over to the Department of Education, Territory of Alaska, for operation. Nine of the 22 schools were operated by the Territory for the first time in fiscal year 1954. The other 13 schools were operated by the Territory also in fiscal year 1953. Payments to the Territory for operation of the schools are made on the basis of annual contracts.

Our review of the Johnson-O'Malley contract for the education of native children in Alaska for the fiscal year 1954 (1953-54 school year) disclosed that the Territory's cost of operating these contract schools had increased significantly over prior year costs. The Territory's total cost for fiscal year 1953 of operating 13 day schools, with an average daily attendance of 328 pupils, was \$110,678, or \$337 a pupil. In fiscal year 1954 the Territory's cost of operating the same 13 schools, with an average daily attendance of 324 pupils, increased to \$149,574, or \$461 a pupil. Consequently, the Federal Government has paid about

\$39,000 more in fiscal year 1954 than it did in fiscal year 1953 to educate about the same number of native children.

Although the average daily attendance at the 13 schools remained about the same, the biggest increase in the components of cost in fiscal year 1954 was in teachers' salaries. For example, at the Copper Center School, with an average daily attendance of 22.1 pupils in fiscal year 1953, the total operating costs were \$10,018, or a cost of \$453 a pupil. In fiscal year 1954 average daily attendance dropped to 17.7 pupils, but the total operating costs increased to \$13,441, or \$759 a pupil. Teachers' salaries were \$6,976 in fiscal year 1953 compared with \$9,507 for fiscal year 1954. Similarly, at the Akutan School, with an average daily attendance of 19.7 pupils, the total operating costs amounted to \$5,447, or \$276 a pupil, in fiscal year 1953. In fiscal year 1954 the average daily attendance decreased slightly to 18.2 pupils, and the total operating costs increased to \$8,318, or \$457 a pupil. Teachers' salaries increased from \$3,239 in fiscal year 1953 to \$5,035 in fiscal year 1954.

The Territory's budget requests for operating the schools under the Johnson-O'Malley contract did not show adequately the reasons for the increases in teachers' salaries and other operating costs for fiscal year 1954. Our audit disclosed also that the Juneau Area Office had not checked previous budget requests of school operating costs submitted by the Territory, nor had the operating costs reported by the Territory for fiscal years 1952, 1953, and 1954 on completed contracts been audited by the Bureau

of Indian Affairs. We were informed by area personnel that the Territorial Department of Education's budget requests for operating these schools is not reviewed and audited because the Territory operates the schools and knows best how much is needed.

To provide a proper basis for negotiating contracts with the Territory for the education of native children, we recommend that the Juneau Area Director review thoroughly the operating budgets submitted by the Territory and require that all estimated cost increases be justified and documented before the negotiation of the annual Johnson-O'Malley contract. In addition, we recommend that the Area Director consider having the Bureau's staff audit school operating costs reported by the Territory.

5. Nonnative children enrolled in Johnson-O'Malley contract schools

During our fiscal year 1954 audit we noted that 26 nonnative students were enrolled in 11 schools in Alaska operated by the Territory under Johnson-O'Malley contract. The Bureau in Alaska is responsible only for the education of Indian and Eskimo natives of Alaska. The Bureau paid the total cost of operating these schools in fiscal year 1954, including the cost of educating the 26 nonnative students. Based on an average daily attendance of 22 pupils, the Territory's share for educating these nonnative students in fiscal year 1954 totaled \$11,198.

To reduce the Bureau's costs, we recommend that the Area Director take the necessary action to bill the Department of Education, Territory of Alaska, for the cost of educating nonnative children in attendance at Johnson-O'Malley contract schools.

6. Unobligated amounts of Johnson-O'Malley contracts not returned to Treasury

The funds made available for Johnson-O'Malley contracts in the Territory of Alaska that were unobligated at the close of the fiscal year have not been returned to the Bureau for credit to the applicable appropriation account. Prior to fiscal year 1954, these contracts were made on a reimbursable cost basis, and unobligated balances at the close of the fiscal year were applied to the subsequent year contract payments. Because the payments made to the Territory under these contracts were financed from 1-year appropriations, the Bureau's authority to carry forward unobligated balances at the end of one fiscal year to the following fiscal year was questioned. Ordinarily, such balances are required to be returned to the appropriation fund from which the allotment was made.

In a letter dated March 8, 1954, the Bureau's Executive Officer instructed the Juneau Area Director to modify the contract with the Territory for fiscal year 1954 (1953-54 school year) and to make payments to the Territory on a lump-sum basis. The modified contract provides for payment of a specific amount for the operation of the schools, based upon the Territory's showing of need in requests to the Bureau. The instructions stated also that in determining the 1955 payment to the Territory "*** any amount on hand and held by the Territory as available for the operation of these schools (as a result of 1954 obligations having been less than budgeted) *** shall be reflected as a local contribution *** in 1955, thereby, reducing the amount of the Territory's request

for Bureau aid." This Bureau procedure weakens congressional control over the expenditure of appropriated funds.

The contract for fiscal year 1954 was modified according to the above instructions, and at June 30, 1954, an unobligated balance of \$2,548 of Johnson-O'Malley funds was retained by the Territory. Even though the modified contract provides for lump-sum payments, and irrespective of how the unobligated balance will be shown in the Territory's 1954-55 budget requests to the Bureau, the fact remains that the unobligated balance of \$2,548 was excess to the Territory's needs of operating Johnson-O'Malley contract schools in fiscal year 1954. Accordingly, we recommend that the Commissioner take the necessary action to insure that Johnson-O'Malley contract funds unobligated by the Territory at the close of a fiscal year be returned to the Bureau and credited to the applicable appropriation account.

7. Student enrollment below minimum requirements

The Indian Affairs Manual (vol. VI, part II, sec. 203.01) states that "It is illegal to maintain a day school with an average daily attendance of less than eight pupils ***. On the basis of present appropriations, the minimum average daily attendance has been raised to 12." The Rampart Indian Day School in Alaska operated during fiscal year 1954 (1953-54 school year) with only 7.5 students in average daily attendance, and Bureau records show that this school was closed for fiscal year 1955 (1954-55 school year).

Our audit disclosed, however, that the Nikolski Day School, operated by the Territory under Johnson-O'Malley contract, had an average daily attendance of only 10.5 students during fiscal year 1954 but continued in operation in fiscal year 1955. The total operating cost of this school is financed by Government appropriations under Johnson-O'Malley contract. We were informed by Bureau officials that, because this Bureau school is operated by the Territory, the manual provision referred to above is not applicable.

To reduce the cost of the Bureau's education activities in Alaska, we recommend that the Commissioner of Indian Affairs consider the requirement that schools financed entirely by Johnson-O'Malley contract funds meet the same minimum enrollment standards applicable to Bureau-operated Indian day schools.

8. Activities of Branch of Extension

In our report for 1953 (item 10, p. 10) we pointed out that the reindeer program is the main activity of the Branch of

Extension, and we recommended that the feasibility of continuing the reindeer program be determined in view of several pertinent factors. During our audit for 1954 we noted that the reindeer program was continuing on about the same basis as in 1953. In its reply to our 1953 report, the Bureau stated that this matter was still under study and that any further action with reference to the reindeer program would be held in abeyance pending the determination as to what would be in the best interest of the natives and until the new Area Director could further study the situation and submit his recommendation.

At June 30, 1954, the Bureau reported an estimated value of \$765,000 for the herds of reindeer. The total value is based on an estimated 25,500 head of reindeer in 17 herds in Alaska at \$30 a head. The Government owned outright an estimated 19,605 head of reindeer amounting to \$588,150. The remaining reindeer are on loan to or are owned by the natives. The Government-owned reindeer are used as a revolving pool for loan to natives and associations of natives for the purpose of getting a native-owned reindeer herd started. During the fiscal year 1954 the Bureau loaned 2,493 Government-owned reindeer to the natives and 903 reindeer were repaid. At June 30, 1954, reindeer numbering 4,638, in an estimated value of \$139,140, remained to be repaid to the revolving reindeer pool. Expenditures for this activity totaled about \$47,500 from funds allotted to the extension and forest and range management activities.

The area extension report for July, August, and September 1954 showed that one new herder did not have his herd in custody at the time of the Bureau's inspection. The herd of 830 reindeer loaned by the pool to this herder represents an investment of about \$25,000 by the Government.

Repayment installments to the pool on three reindeer loans were delinquent at June 30, 1954. One repayment installment is for 1,109 reindeer at an estimated value of \$33,273. The repayment installment from this herder was more than his entire herd of 1,070 reindeer as counted by the Bureau in November 1953.

In view of the conditions noted in our 1953 audit report and the similar conditions noted during our audit for fiscal year 1954, we recommend that the Commissioner determine the extent of continued participation by the Bureau in the reindeer revolving pool activity. As we pointed out in our 1953 report, the Bureau has had very little success in interesting natives in the program. Only 200 natives of about 35,000 in the Territory of Alaska were receiving direct benefits from the program. More benefits might be obtained from the use of the personnel and funds involved in this program for other Bureau programs in Alaska.

To establish proper accountability over the reindeer herds owned by the Government, we recommend also that the Area Director provide for recording the amount of the Government's investment in reindeer in the accounting records of the Bureau.

9. Need for Branch of Law and Order

Need does not exist for the Branch of Law and Order in the Juneau Area Office. A criminal investigator in Juneau and a

criminal investigator in Anchorage provided law and order services during fiscal year 1954 at an approximate cost of \$14,400.

Areas are reserved for the natives for hunting, reindeer grazing, and similar activities, but there are no Indian reservations in Alaska. The natives of Alaska are full citizens of the Territory. No laws apply specifically to natives alone. In court actions the natives are treated as other citizens.

The United States marshals are charged with maintaining law and order in Alaska. Also, the Alaska Native Service teachers serve as law enforcement officers in the remote villages.

Law and order weekly reports are submitted to the central office and a copy to the assistant area director. These weekly reports are not too informative, but disclose that the greater percentage of the time of the employees of Branch of Law and Order is spent on functions that are the responsibility of other branches in the Juneau area.

In view of these circumstances, we recommend that the Commissioner abolish the Branch of Law and Order in the Juneau area. In our opinion abolishment of the branch would effect annual savings of about \$14,400 without hurting the position of the Alaskan natives or the activities of the Alaska Native Service.

10. Property and equipment records incomplete

Our 1953 report (item 12, p. 12) pointed out that property and equipment records have not been maintained or have been poorly maintained. In the comments on our 1953 reports the Bureau acknowledged the deficiencies and pointed out the corrective measures being taken.

Property and equipment records in the Juneau area were incomplete as of June 30, 1954. Not all property and equipment were under accounting control during fiscal year 1954, and a complete inventory with subsequent reconciliation to the balance in the general ledger control account had not been accomplished. Cost or appraised value of real property transferred to the Bureau by other Government agencies, such as school buildings and structures transferred from the Department of Education, is not recorded in the accounting records.

To provide accounting control over property and equipment in the area, we again recommend that a complete physical inventory of all fixed and movable property and equipment be taken and the detail property records and general ledger account balances adjusted to such inventory. When accurate records are established, the Area Director should take necessary measures to maintain accounting control over property and equipment in accordance with provisions of the Bureau manual.

11. Excess blankets at Juneau Hospital

Blankets in excess of the Juneau Hospital's needs were received from other Government agencies as excess at no cost to the hospital. These items are not carried on inventory cards.

To reduce inventories to current needs and to permit better use of storage space, we recommend that the excess blankets be transferred to other Bureau hospitals that have more need for them.

We recommend also that all such property, whether or not acquired for cost, be recorded as provided in the preceding comment.

12. Accounting deficiencies at area office

In our audit report for 1953 we commented on several deficiencies in budgeting and accounting. During our 1954 audit we noted that some of these deficiencies were still in existence. Comments on accounting deficiencies noted during our 1954 audit follow.

a. Delays in transmitting collections

Collections were not transmitted daily from field stations to the area office. Area office employees were not transmitting collections promptly to the regional disbursing officer. Some hospital collector agents hold receipts collected for more than a month before transmitting them to the area office. Money is held in the area office from 2 days to a week before it is deposited. To reduce this laxness in the procedures for handling cash and to prevent the possible unauthorized use of receipts, we recommend that the Area Director take action to insure the prompt forwarding and deposit of cash receipts in the future as provided by the Indian Affairs Manual. We recommend also that area budget and finance officer make a periodic review of cash collections, deposits, and recording procedures in the area.

b. Separation of fiscal duties

Although the area Branch of Budget and Finance had 27 employees at June 30, 1954, we noted that one employee was assigned the duties of receiving collections, recording the entries in the cash receipts register, and maintaining the accounts receivable register. A similar situation was observed at the Juneau office for individual Indian money accounts. Accordingly, we again recommend that

the Area Director strengthen the internal procedures for handling cash and receivables. We recommend that the duties of the employees in the Branch of Budget and Finance be revised to provide separation of responsibilities for receiving cash, recording cash received, and recording accounts receivable.

c. Payments of individual Indian moneys without written authorization

Payments from individual Indian money accounts were made to individual Indians and their creditors without securing the written authorization required by the Indian Affairs Manual. To provide assurance that disbursements are made to the proper persons and to prevent claims against the Government for improper disbursement of individual Indian moneys, we recommend that the Area Director require adherence to procedures set out in the Indian Affairs Manual in connection with individual Indian moneys.

d. Inactive individual Indian money accounts with small balances

The individual Indian money accounts included many small inactive accounts with balances ranging from a few cents to \$100. Circular Letter No. 3659, dated June 15, 1947, authorized the Bureau to close adult Indian inactive IIM accounts having balances of \$100 or less. To reduce the volume of work and records maintained by the Bureau, we recommend that the area finance officer close inactive individual Indian money account balances of \$100 or less as provided by the regulations.

e. Welfare payments for months of July

Welfare payments for the months of July 1952, 1953, and 1954 were paid from appropriated funds for the respective previous fiscal years. Welfare payments are made as of the first of each month to cover assistance needs for those months, and the obligations and payments thereof are properly chargeable to the appropriation current for those months. Accordingly, we recommend that the Area Director charge future welfare payments to the appropriation current for the month covered by the assistance.

f. Journal vouchers not approved

The area's journal vouchers are signed by the person preparing the form, but the official authorized to approve the vouchers has not signed or initialed the voucher.

To help insure that accounting transactions, which may affect Government assets or accountability, are prepared properly, we recommend that the journal vouchers show the approval required by the Indian Affairs Manual (vol. IV, part II, ch. 601.03B).

g. Photostating Civil Service Commission Forms 2806

The area photostats all Forms 2806, Individual Retirement Record, before forwarding them to the Civil Service Commission. This procedure is not required by manual regulations.

We recommend that the Area Director discontinue this procedure which results in unnecessary expense.

h. Travel authorizations incomplete

Travel authorizations are prepared without filling in the statement "Purpose and remarks concerning travel."

Bureau of Indian Affairs Manual states that all travel authorizations shall be issued on Form 1-1020, travel authorizations, and that "1-all applicable block items shall be filled in on the form." (See vol. IV, part II, ch. 2.06 E.1.)

To simplify the administrative examination as well as the external audit of disbursement vouchers, we recommend that the area finance office require that travel authorizations be filled out completely.

13. Excessive accumulation of materials, supplies, and equipment at Seattle

Materials, supplies, and equipment owned by the Bureau are stored at a General Services Administration warehouse at Seattle. Warehouse stock accumulated over a period of 5 years includes many items which, based upon present usage, are far in excess of the Bureau's needs. Included in this stock are 27 tons of nails, 8,000 feet of underground cable, 3,500 feet of rope, 86,400 square feet of composition siding, 1,600 spark plugs, and many items of hardware and office equipment.

Because many of these items have been in the warehouse from 1 to 5 years in quantities in excess of Bureau needs, we recommend that the Area Director require that the inventory be reviewed to determine the need for the material within the Bureau and that the remainder be disposed of by transfer or sale to other agencies or the public in accordance with existing regulations. We recommend also that the Area Director limit future acquisitions of such items to the reasonable needs of the Alaska Native Service.

14. Procurement of stevedoring services made without proper advertising

The Alaska Native Service does not have a contract for performing stevedoring services for the vessel NORTH STAR at the port of Seattle. Such services as are required are obtained under a contract negotiated by the Department of the Navy, in which no provision is included for its use by other Government agencies. The contractor, however, has agreed to perform services under a hardship clause of the contract, at hourly rates rather than at the normal commodity rates granted the Navy. The hourly rates generally are higher than the commodity rates.

To reduce the cost of stevedoring services to the Bureau, we recommend that the Area Director require that stevedoring services be obtained under a contract awarded after advertising as required by section 3709, Revised Statutes. If, however, determination has been made that it is more economical to the Government, we recommend that the Area Director make arrangements to obtain the services at the regular commodity rates under the Navy contract.

15. Services performed and equipment loaned without reimbursement

The Seattle office of the Bureau has performed services for and loaned equipment to certain native industries and associations, namely, the Alaska Native Industries Cooperative Association (ANICA), Klawock Canning Company, and Keku Canning Company. The services and equipment were rendered or loaned without reimbursement to the Government.

Services rendered to ANICA included part-time services of a GS-12 Bureau employee who acted as manager of ANICA during 1954 and full-time services of a GS-9 Bureau employee for a period of 3 months during 1954. In addition, during 1954 most of ANICA's procurement actions were processed by General Services Administration without reimbursement for processing costs estimated at \$8,000.

Equipment on loan to ANICA, Klawock, and Keku included:

5 desks	2 calculators
30 chairs	3 typewriters
19 tables	2 oil stoves
10 cabinets	2 refrigerators
1 adding machine	

To reduce the cost of Bureau operations, we recommend that the Area Director establish a procedure whereby the Government will be reimbursed for the cost of services rendered and equipment loaned to these native industries and associations.

16. Passenger transportation rates on vessel NORTH STAR

The nominal rate of \$3 a day to Government employees and their families for travel on the vessel NORTH STAR has encouraged the use of the vessel for vacation trips by relatives of Bureau employees. The accounting records maintained do not permit a precise determination of the cost of furnishing transportation, subsistence, and lodging aboard the vessel.

We recommend that the Area Director require a determination of the cost of furnishing transportation, subsistence, and lodgings to passengers. The daily charge for authorized travel should

be revised in accordance with this determination to cover the cost of subsistence and lodging expense, including the cost of wages incurred to provide the necessary passenger accommodations.

17. Passenger fares not collected from native students

Four native students administratively determined by the superintendent of the Mt. Edgecumbe School to be able to pay for passage aboard the vessel NORTH STAR were permitted to travel without collecting the applicable fares.

To insure collection of fares to which the Government is entitled, we recommend that all fares be collected before passage is granted.

18. Employees handling cash are not bonded

Three office employees at Seattle liaison office are authorized to open mail, which often contains cash or checks in payment of freight billings or other collections. None of these employees are bonded.

To definitely establish the responsibility for handling receipts, we recommend that one employee be designated to open the mail and handle receipts. The requirements of the Indian Affairs Manual relating to the bonding of employees who handle cash should be followed also.

19. Duplication of accounting records at Seattle

General and cost ledgers maintained at Seattle duplicate data in similar records at the Juneau Area Office. Original vouchers are retained in Seattle, while the original account current and copies of vouchers are forwarded to the area office.

To reduce the cost of operations, we recommend that the Area Director require a review of accounting records maintained at Juneau and Seattle and eliminate any duplicate records. We recommend also that all original vouchers be filed at the area office.

20. Accounts receivable recorded on books exclude transportation tax

Accounts receivable recorded on the books for commercial freight carried on the vessel NORTH STAR exclude the applicable 3 percent Federal transportation tax. Thus the total amount for collection is understated.

To provide adequate accounting over the transportation tax collectible, we recommend that the Commissioner provide for a revision of procedures so that accounts receivable will be recorded in the full amount collectible and that an appropriate liability be established for the amount payable to the Internal Revenue Service.