



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

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The Honorable James Abourezk  
Chairman, Select Committee on  
Indian Affairs  
United States Senate

Dear Mr. Chairman:

Your letter of March 29, 1978, requested our review and comment on S. 2712, 95th Congress, cited as the Indian Program Evaluation and Needs Assessment Act.

The bill provides for each Federal agency which administers programs and services for Indians to make an annual report to the Congress which contains information necessary for the Congress to evaluate the effectiveness of Indian programs, the efficiency and fiscal accountability of the agencies administering the programs, and the fluctuating status of Indian lands. It provides for a comprehensive needs assessment every 5 years so that the Congress can more realistically evaluate the actual unmet needs of Indians throughout the country. To insure uniform reporting and needs assessment, the bill provides for establishment of a Federal Interagency Council on Indian Affairs to coordinate Federal Indian programs, policy, and budgetary planning.

Our audits of Federal Indian programs and services have shown that more financial information is needed on the various Federal funds going to Indian tribes and that overall coordination of the Federal programs is needed also.

We have identified certain provisions of the bill which we believe warrant the attention of your Committee.

Section 102(c) states that "The General Accounting Office shall be responsible for defining, for purposes of the act, what are administrative and overhead costs" and each agency would be required to apply such definitions in maintaining the required data.

As a general rule, we prefer to have comprehensive audit authority which will enable us to make independent reviews of the programs, activities, and financial operations of Federal agencies. This kind of authority allows us to (1) check for compliance with applicable laws and regulations, (2) examine the efficiency and economy of operations, (3) review the results of operations to evaluate whether desired results and legislative objectives have been met, and (4) determine whether the agency's financial management system is adequately accounting for its resources.

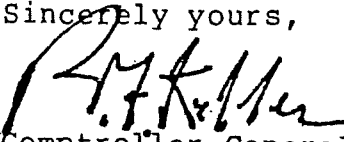
Requirements such as those contained in section 102(c) regarding the specific definition of administrative and overhead costs are part of the responsibility of each executive agency under Section 113 of the Accounting and Auditing Act of 1950 to establish and maintain adequate accounting systems in accordance with accounting principles and standards prescribed by the Comptroller General.

Because of variations in accounting systems, a definition of administrative and overhead costs that would apply to all agencies would necessarily be too general to be very meaningful. We believe a more practical approach, in line with the 1950 act, would be for executive agencies to take action similar to that recommended in our February 15, 1978, report entitled "More Effective Controls Over Bureau of Indian Affairs Administrative Costs are Needed" (copy enclosed). In this report, we recommended that the Secretary of the Interior direct the Bureau of Indian Affairs to issue instructions to identify the specific subaccounts to which each Bureau organization can charge its administrative costs, and emphasize the need to comply with the instructions.

Section 201(d) provides that each Federal agency shall submit data and information compiled pursuant to the act to the Chairman of the Council on or before October 31, of each year. It does not state what the Council is required to do with the data and information. We suggest that, in order to provide an overall comparison and analysis of Federal assistance to the Indian people, the following or similar language be added at the end of this section.

"The Council shall prepare a consolidated summary report of the data and information submitted by each Federal agency and forward the report to the Congress by December 31 of each year."

Sincerely yours,

  
Deputy Comptroller General  
of the United States

Enclosure

Walter B. Hunter  
4-12-78