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UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
SUITE 300-D, 2420 W. 26TH AVENUE
DENVER, COLORADO 80211

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OCT 14 1975

Mr. A. W. Bartlett, Acting Chief
Division of Accounting Management
Bureau of Indian Affairs
P.O. Box 127
Albuquerque, New Mexico 87103

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Dear Mr. Bartlett:

Section 112(c) of the Budget and Accounting Procedures Act of 1950 requires us to review the accounting systems of executive agencies. We surveyed the Bureau of Indian Affairs (BIA) accounting system and evaluated its system of internal controls.

Our work was conducted at the Division of Accounting Management, the Albuquerque Area Office, and three agency offices in Albuquerque, New Mexico. We concentrated on the areas of revenues and collections, obligations and disbursements, and personal property.

On June 23, 1975, we discussed all matters observed during our survey with you and your staff. We are sending a letter to the Secretary of the Interior discussing matters we believe require his attention. Examples are control over advances and receivables, timely recording and reporting of obligations, and lack of action on previous Office of Audit and Investigation (OAI) recommendations.

Items for which you have taken or agreed to take corrective action plus those for which the decision for corrective action is still needed are discussed below.

Improvements initiated for
controlling imprest
fund allowances

As of March 31, 1975, the total liability for imprest fund advances recorded in BIA's general ledger was overstated \$147,476. Using information from the Treasury Regional Disbursing Office, Denver, Colorado, and various BIA offices, we determined the total imprest fund liability was \$379,799 at March 31, 1975. The balance recorded in the general ledger was \$527,275.

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The Chief, Finance and Accounting, requested reports of imprest funds on hand from each BIA field office. While this information was being developed, BIA identified six shortages totaling \$900 and initiated collection action or recommended relief. One shortage resulted from a theft, another involved a lost fund replenishment check, and the other four, totaling about \$550, were unsupported transactions which the responsible cashiers are being required by BIA to repay from personal funds. In 1974 OAI reported that some imprest funds were not accurately entered in the general ledger. Due to the number and wide dispersal of field offices with imprest fund advances we did not attempt to determine why accurate entries had not been made in the general ledger.

During our survey, the Chief, Finance and Accounting, issued instructions for each BIA office to enter the proper imprest fund balances in the general ledger.

Recommendations

We recommend that you require monthly reviews to assure imprest fund advances are accurately recorded in the general ledger and that all funds have been properly accounted for.

Opportunities to increase efficiency and reduce costs of transmitting data

BIA uses a private contractor to assist in preparing payroll and some accounting and property data for input to its accounting system. The cost of this service in fiscal year 1975 was about \$300,000. About 56 percent, or \$168,000, of the contractor's effort is devoted to encoding payroll data onto magnetic tape. The remaining 44 percent is devoted to encoding financial and property data generated by the headquarters BIA activities in Albuquerque onto magnetic tape. The resulting magnetic tapes are then input to BIA's automated system.

We believe and a BIA data processing official agreed that much of the work being done by contract could be done by BIA.

Payroll data is being recorded on time and attendance forms at the agency and area field offices. These forms are mailed to BIA's central payroll office in Albuquerque, then sent to the contractor to be encoded on magnetic tape. The contractor then sends the

magnetic tape back to BIA computer operations for input to the system. All financial and property accounting data generated by the headquarters BIA activities in Albuquerque is also sent to the contractor for encoding.

BIA data processing officials informed us the encoding equipment currently in most of the BIA area offices in the field could be used to encode the personnel data. We visited the Albuquerque area office and found its

- encoding equipment is used about 12 minutes a day for financial data and about 2 minutes a week for property data, and
- personnel who prepare and transmit this information spend only about one-half of their time at these tasks.

Based on limited tests we conducted and comments by BIA personnel, we believe there is substantial savings potential if these data were prepared for input internally.

Data processing personnel agreed to study the feasibility of improving the payroll data preparation and transmission processes using tape-to-tape data phones.

As a minimum, we believe the contract costs could be reduced by sending the headquarters generated financial and property data to the Albuquerque area office for encoding.

Recommendations

We recommend that you:

- Ensure the feasibility study of ways to improve payroll data preparation and input is made by data processing personnel, and that results of the study are implemented.
- Inquire into the feasibility of using the Albuquerque area office's unused encoding capability to input the financial and property data generated by your division.

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During our discussions with you concerning matters we are including in the letter to the Secretary of the Interior, you promised to take the following actions as the first step needed to correct reported deficiencies:

1. You agreed to draft instructions for Bureau approval requiring reconciling and monitoring area level control balances for accounts receivable and contract and travel advances.

2. You plan to recommend that the Bureau require agency and area offices to record obligations in a timely manner and prepare monthly reconciliations between area office records and the automated reports.

3. To preclude loss of offered discounts, you agreed to draft instructions for Bureau approval requiring that all vouchers with discounts offered be sent directly from area offices to the Treasury Regional Disbursing Office for payment. Presently, the vouchers are forwarded through the Division of Accounting Management in Albuquerque.

We wish to acknowledge the courtesies and cooperation extended our representatives during this survey. We would be pleased to further discuss our findings with you if you so desire, and we would appreciate receiving your comments on the items discussed herein.

Sincerely yours,


Irwin M. D'Addario
Regional Manager

cc: Office of Audit and
Investigation, Region II