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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

August 27, 1974

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Graham Watt, Director
Office of Revenue Sharing
Department of the Treasury

BEST DOCUMENT AVAILABLE

Dear Graham :
~~Mr. Watt~~:

In the course of our continuing review of the operations of the Office of Revenue Sharing, we examined into the treatment of revenue sharing funds which have been waived by Indian Tribes and Alaskan Native Villages.

Section 108(b)(6)(D)(ii) of the Revenue Sharing Act provides that funds waived by a unit of local government are to be added to the entitlement of the county government of the county area in which the waiving unit is located. Waivers by Indian Tribes and Alaskan Native Villages, however, are to be treated differently. Section 108(b)(4), in effect, requires that funds waived by a tribe or village be distributed according to the allocation formula to all other governments within the county area.

Our examination revealed that funds waived by tribes and villages have been erroneously transferred to a county or State government. For example, the Office of Revenue Sharing publication "5th Entitlement Period Allocations with Prior Period Adjustments" showed that the Tuscarora Nation located in Niagara County, New York, waived its 4th entitlement period amount of \$17,407. This amount was added to the allocation of the Niagara County government, thereby depriving other local governments in the county area of funds to which they were legally entitled.

This matter has been discussed with your staff, and it is our understanding that the problem centers around the computer allocation program which was written to allocate waived funds to a higher level of government. Apparently, the program was not set up to treat waivers of Indian Tribes and Alaskan Native Villages differently from waivers of other local governments.

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