



REPORT TO THE CONGRESS

FILE

Need To Improve System
For Managing Capitalized
Equipment In The Bureau Of
Indian Affairs B-114868

Department of the Interior

B-114868

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

MAY 28, 1968

750023/087827



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

B-114868

To the President of the Senate and the
Speaker of the House of Representatives

The General Accounting Office has reviewed selected aspects of the Bureau of Indian Affairs' management of capitalized equipment which, at June 30, 1967, was valued at about \$59.2 million. Our findings are summarized below and presented in greater detail in the accompanying report.

Our review was conducted at three of the Bureau's area offices: Aberdeen, South Dakota; Billings, Montana; and Window Rock, Arizona, and at selected locations under the jurisdiction of these offices. The review was limited to capitalized equipment, such as dump trucks, motor graders, movie projectors, and washing machines.

We found that certain of the equipment items had received little or no use and that other items had been allowed to remain in an un-serviceable condition without action having been taken to redistribute, dispose of, or repair them.

We have concluded that there is a need for the Bureau to improve its system for managing capitalized equipment by maintaining more complete records on usage, conducting periodic independent physical inventories, and improving reporting procedures. Therefore, we are recommending specific corrective actions in line with these conclusions. We have been advised that the actions contemplated in these recommendations have been initiated or are planned.

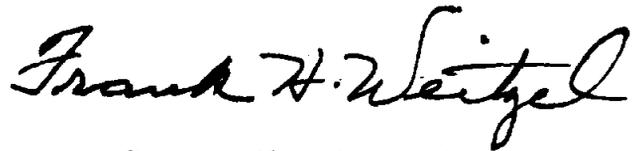
However, we believe that additional steps should be taken to improve the management of school equipment. Therefore, we are recommending also that the existing standards for equipping new schools be adjusted, as appropriate, on the basis of operating experience, including consideration of pooling arrangements, and that these adjusted standards be used for evaluating requests for additional school equipment. We are recommending further that the improved reporting

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procedures be used in conjunction with the adjusted equipment standards to assist in making informed judgments on the need to redistribute, dispose of, repair, and procure school equipment.

We are issuing this report to the Congress because we believe that it demonstrates the type of improvements which could be achieved in day-to-day management of capitalized equipment. We believe also that this report could be useful to the Congress in considering future appropriations requests for the Bureau's procurement of capital equipment.

Copies of this report are being sent to the Director, Bureau of the Budget, and to the Secretary of the Interior.

A handwritten signature in cursive script, reading "Frank H. Weitzel". The signature is written in black ink and is positioned above the typed name and title.

Acting Comptroller General
of the United States

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REPORT ON
NEED TO IMPROVE SYSTEM
FOR MANAGING CAPITALIZED EQUIPMENT
IN THE
BUREAU OF INDIAN AFFAIRS
DEPARTMENT OF THE INTERIOR

INTRODUCTION

The General Accounting Office has examined into selected aspects of the Bureau of Indian Affairs' system for management of capitalized equipment. Our review was made because, during a prior review of other Bureau activities, we noted indications of weaknesses in the Bureau's management of capitalized equipment. This review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Our review was devoted primarily to those aspects of the management of capitalized equipment which appeared to be in particular need of attention, and we included tests with respect to the acquisition, control and use, and disposal of capitalized machinery and equipment. We did not attempt to identify all equipment which was excess to needs, not being used, unnecessarily procured, or in unserviceable condition, but rather identified examples of such equipment to illustrate what we believed to be significant weaknesses in the Bureau's system for managing capitalized equipment. We reviewed pertinent regulations, equipment utilization, and accounting records and conducted physical inventories. We also interviewed Bureau officials at the Navajo Area Office, Window Rock, Arizona; the Aberdeen Area Office, Aberdeen, South Dakota; and the Billings Area Office, Billings, Montana; and officials at selected agency offices and school locations under the jurisdiction of those area offices.

BACKGROUND AND GENERAL COMMENTS

The Budget and Accounting Procedures Act of 1950 (31 U.S.C. 66a) places the responsibility for establishing and maintaining adequate systems of accounting and internal control upon the head of each executive agency. These systems must conform to the accounting principles, standards, and related requirements prescribed by the Comptroller General of the United States in accordance with that law.

The general principles and standards to be observed by Federal agencies in accounting for property have been prescribed by the Comptroller General in title 2 of the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies and includes the following broad guidelines with respect to appropriate property accounting procedures:

"Property accounting for Federal agencies must include appropriate procedures for:

"(1) Recording in accounts all transactions affecting the agency's investment in property, including:

"(A) All acquisitions, whether by purchase, transfer from other agencies, authorized donation, or other means, as of the date the agency takes custody of the property.

"(B) The use, application, or consumption of property. ***

"(C) All disposals or retirements when the property leaves the custody of the agency.

"(2) The keeping of appropriate records of physical quantities of Government-owned property and its location. These records should be designed to be of maximum assistance in the procurement and utilization of such property, including the identification of excess

property and its use, transfer, or disposal in accordance with statutory and regulatory requirements.

"(3) Independent checks on the accuracy of the accounting records through periodic physical count, weight, or other measurement."

The investment of public funds in property creates a management need to account for these resources and requires that all appropriate techniques, including the use of reliable financial information, be applied to obtain, secure, use, and manage the resources properly, efficiently, and effectively. It is important that property be in serviceable condition and be located where it is most needed and that unnecessary and premature procurements be avoided. Accurate and reliable financial and quantitative information on property resources can be obtained only from a properly designed and operated system of property accounting and related procedures.

The Bureau's Branch of Property and Supply, which is under the supervision of the Assistant Commissioner, Administration, is responsible for formulating policies and coordinating activities for property and supply functions. Area Office Directors are responsible for carrying out the property management program in their areas. The direct supervision of property management functions is performed by area and agency office property and supply officials.

According to the Bureau's Indian Affairs Manual, non-expendable property includes property which has continuing use as a self-contained unit, is not consumed in use, is not a part of or attached to other property, and does not otherwise lose its identity. All equipment is considered by the Bureau to be nonexpendable property and is classified as either major or minor. Generally, equipment items costing more than \$100 are classified as major equipment; however, certain items such as firearms, musical instruments, and binoculars, which the Bureau believes should be under formal accounting control, are classified as major equipment regardless of cost. Each item classified as major equipment is required to be capitalized and accounted for in accordance with the Indian Affairs Manual.

In February 1967 the Bureau changed its guidelines for classifying equipment. As a result some of the capitalized school equipment included in our review might be reclassified as minor equipment which is not capitalized. A Bureau official advised us that this reclassification would be accomplished over an indefinite period, and therefore we could not determine the precise effect it might have on the information contained in this report. This equipment, however, consists primarily of still projectors and phonographs and the number of these items noted during our review that were not needed, not serviceable, or not being used is not sufficient to affect our overall finding and recommendation.

The Bureau's property accounting system¹ is based on records maintained primarily by a punched card data processing system with one punched card for each capitalized equipment item. Each card shows such information as the descriptive name of the item, its recorded value, the property number, and the agency, activity, and location, to which the item is assigned. Reconciliations of the punched cards with general ledger control accounts are made monthly.

Machine inventory listings, by location and activity, showing each item of equipment separately, are prepared annually for the Aberdeen and Billings Areas and semiannually for the Navajo Area. These listings are furnished to the accountable officers for certifying that the listings have been verified by a physical inventory of the equipment and that the equipment is not excess to program needs. The certified listings are returned to the respective area office property management staffs.

The Bureau has offices throughout the United States with management or trust responsibility for capitalized equipment which, at June 30, 1967, had a total recorded

¹At the time of our review, the property accounting records were being maintained by each area office. In fiscal year 1968, the Bureau was in the process of implementing procedures whereby these records would be maintained centrally by its Office of Consolidated Services.

value of about \$59.2 million. Our examination was made at three of the Bureau's area offices, located at Aberdeen, South Dakota; Billings, Montana; and Window Rock, Arizona (Navajo Area Office). As of June 30, 1967, area office and central office records showed that these area offices had management responsibility for capitalized equipment having a total recorded value of approximately \$27.2 million or about 46 percent of the total value of capitalized equipment managed by the Bureau.

The Bureau acquires equipment from other Federal agencies through excess property listings as well as from purchases of new equipment. Much of the road construction equipment included in our review was excess equipment acquired from other Government agencies. Such equipment is recorded by the Bureau at the appraised value at time of acquisition.

The principal officials of the Department of the Interior and the Bureau of Indian Affairs responsible for the administration of activities discussed in this report are listed in appendix I.

NEED TO IMPROVE SYSTEM
FOR MANAGING CAPITALIZED EQUIPMENT

Our review of the management of capitalized equipment showed that certain items had received little or no use and that other items had been allowed to remain in an unserviceable condition, without action having been taken to redistribute, dispose of, or repair the equipment. We have concluded that the Bureau's system for managing capitalized equipment needs improvements such as more complete utilization records, independent physical inventories, and reports to area and agency management on the use and condition of the equipment.

We believe that the Bureau should require that utilization records be maintained for high-value and high-demand items of road construction equipment. Utilization records for motorized equipment were being maintained at most of the locations we visited and at some locations for nonmotorized equipment.

As noted in the Bureau's operating instructions, physical inventories provide an opportunity for determining the extent of utilization as well as the existence and location of capitalized equipment. These instructions, however, do not require the identification of unserviceable-but-repairable equipment during the physical inventorying. We believe that all unserviceable equipment should be identified during the physical inventory process and reported to the respective area offices to help ensure that prompt action is taken to repair or dispose of such equipment. We believe also that, to ensure the reliability of these determinations, the inventory procedures should be revised to provide for independence in the periodic inventories of capitalized equipment.

The Bureau's property management system provides for the maintenance of detailed property records and for the preparation of detailed machine listings of capitalized equipment. However, since the listings show each item of equipment as a separate line item and do not group the same types of equipment, we believe that the listings have little, if any, value to officials responsible for the

management of the equipment. We believe that the information supplied by these listings, together with information on condition and utilization obtained during the physical inventorying, should be summarized for each installation by type of equipment showing the number of items and their value, condition, and utilization. This information would assist officials in making informed judgments on the need to redistribute, dispose of, repair, and procure capital equipment.

Bureau instructions require that equipment, which is excess to the needs of the activity holding it or is physically or economically unrepairable, be promptly reported, in accordance with established procedures, to the respective area offices; but the instructions do not require that unserviceable-but-repairable equipment be reported. These instructions point out that the physical verifications of the inventory listings provide excellent opportunities for identifying and reporting excess and unrepairable equipment. The Bureau's instructions provide that the reporting of excess or unrepairable equipment to the area office for disposition is generally to be initiated by the employee responsible for custody of the equipment.

Under the Bureau's policy, responsibility for the management of equipment is vested in the property management officers at the various operating levels. However, except for the voluminous machine listings of capitalized equipment, no reporting is provided officials to aid them in the management of capitalized equipment for which they are responsible.

The format of the detailed machine listings of capitalized equipment is such that they cannot readily be used for management purposes. Since the items are arranged on the listings only by property number, similar items are not grouped and the number of units and total values of similar items are not shown. Due to this lack of summarization, it would be necessary to look over several hundred items, counting only those of the type for which the number or value was desired, to ascertain the number or value of a particular type of equipment item assigned to a location, activity, or organizational unit. Furthermore, no information regarding the utilization of equipment is contained in the machine

listings or is otherwise reported to property management officials within the Bureau.

Prior to July 1, 1966, physical inventories conducted by the accountable officers were tested by the Bureau's Office of Audit. These tests provided an independent check of the inventories taken by those persons responsible for custody of the equipment and a verification of the existence of equipment shown on the Bureau's records.

Effective July 1, 1966, the internal audit function in the Department was transferred from the various bureaus to the Office of Survey and Review in the Office of the Secretary. We were informed by officials of the Bureau and of the Department that the departmental auditors would not regularly verify physical inventories and that the removal of the internal audit function from the Bureau resulted in no independent verifications of periodic physical inventories.

We believe that the centralization of the Department's internal audit function should provide an important capability for appraising the effectiveness of program activities and the system of management control. Internal audit review and appraisal should not, however, relieve the heads of Bureaus and agencies of the responsibility for establishing and maintaining adequate control over capitalized equipment.

UTILIZATION OF CAPITALIZED EQUIPMENT

We reviewed the utilization of heavy road construction equipment at selected locations in the Aberdeen, Billings, and Navajo Areas and of certain items of school equipment at selected locations in the Aberdeen and Navajo Areas. We found that certain road construction and school equipment had received little or no use and that school equipment had been purchased for one school when similar equipment was excess to needs at other locations. We have found also that reports useful for management purposes are not prepared on the utilization of road construction or school equipment at any of the areas which we visited; responsible officials told us that there was no requirement for such reports.

Bureau instructions, as set forth in the Indian Affairs Manual, require that items which are determined to be excess to program needs be promptly reported to the area offices. In this regard, the instructions state that individuals responsible for verifying inventory listings of capitalized equipment should check for evidence that the equipment is not being fully utilized. Our examination has shown, however, that this procedure has not been effective in identifying all equipment items excess to needs at the locations visited during our review.

The results of our examination into the effectiveness of the Bureau's management of equipment utilization in the Aberdeen, Billings, and Navajo Areas are discussed in detail in the following pages.

Road construction equipment

Although Bureau instructions do not require records showing the extent of utilization of road construction equipment, all agency offices in two of the three areas included in our review maintained such records. In addition, two of the four agency offices in the other area, although not required to maintain such records, kept some utilization records; but these were incomplete or were destroyed at the end of each fiscal year and, therefore, could not be used or were not available for our review.

Navajo Area--The Bureau's Washington, D.C., Central Office requested the Navajo Area Office to furnish the cost totals of roads force account (use of Bureau personnel and equipment) projects performed during fiscal year 1963. We were informed that, in developing these costs, the Navajo Area's Branch of Roads, which constructs roads by force account, maintains records disclosing the daily utilization of all construction equipment in order to properly calculate equipment usage costs. This data has not been used to develop reports on utilization of the equipment but has been used only to establish equipment usage costs.

Records of the Branch of Roads showed that, of 197 items of road construction equipment on hand and available for use at December 31, 1965, 33 items valued at over \$99,000, approximately 17 percent of the available items, had not been used during fiscal year 1965. The records showed also that, during the first half of fiscal year 1966, 80 items of equipment valued at over \$217,000, approximately 41 percent of the total number of items, had not been used. Included were many of the same items that had not been used during fiscal year 1965.

Our examination showed further that, of the 80 items of equipment that had not been used during the first half of fiscal year 1966, 37 items valued at over \$114,000 had not been used since acquisition and 29 of the 37 items had been on hand and available for use for periods in excess of 1 year.

The following table shows the equipment items available for use in road construction as of December 31, 1965, and those items that had not been used during fiscal year 1965 and those that had not been used during the first half of fiscal year 1966. For purposes of our analysis, equipment items which were acquired during either of the 2 fiscal years were considered as being fully utilized for the fiscal year in which they were acquired.

<u>Description</u>	<u>On hand</u> <u>12-31-65</u>		<u>Items not used</u>	
	<u>Total</u> <u>items</u>	<u>Recorded</u> <u>value</u>	<u>Fiscal</u> <u>year</u> <u>1965</u>	<u>First half</u> <u>of fiscal</u> <u>year 1966</u>
Tractor crawlers	6	\$136,908	-	1
Motor graders	7	90,016	-	1
Pull-type rollers	6	22,779	1	2
Conveyors	5	6,580	5	5
Power shovels	2	11,433	1	1
Rock crushers	8	69,878	7	8
Compactors and tampers	10	12,248	3	9
Cranes	3	11,877	-	2
Portable water pumps	5	5,776	2	3
Truck tractors	11	30,529	-	4
Trucks, 2-ton and over	13	11,673	-	3
Special-purpose trucks	12	30,876	-	1
2-wheel trailers	8	15,277	-	7
4-wheel trailers	6	11,664	-	6
Dozer blades	6	19,703	2	2
Self-propelled rollers	3	11,597	-	1
Ripper roter--road	1	5,079	-	1
Power units	4	3,403	1	2
Air compressors	6	2,767	1	1
Power pumps	2	2,413	1	1
Gas generators	1	400	1	1
Diesel generators	3	3,275	1	3
Electric generators	2	1,713	2	2
Gravel hopper	1	2,507	1	1
Bucket dragline	1	113	-	1
Wheel tractors	3	1,566	-	2
Special-purpose tractors	2	2,110	-	1
Snow-plow blades	3	2,267	3	2
Low-bed trailers	2	15,163	-	1
Tank trailers	9	9,114	1	4
Semitrailers	5	6,123	-	1
Other items	<u>41</u>	<u>421,858</u>	<u>-</u>	<u>-</u>
Total	<u>197</u>	<u>\$978,685</u>	<u>33</u>	<u>80</u>
Percent of total items	<u>100%</u>		<u>17%</u>	<u>41%</u>
Value of items not used			<u>\$99,685</u>	<u>\$217,922</u>

Furthermore, some of the equipment listed above had not been used during the 18-month period ended December 31, 1965.

In addition, our review showed that some of the equipment included in the above table had been used less than 25 percent of the time when road construction work was being performed. Among these for the 6 months ended December 31, 1965, were two tractors with dozers, two self-propelled rollers, and one front-end loader. Among the items of equipment used less than 25 percent of the time in the year ended June 30, 1965, as well as in the 6 months ended December 31, 1965, were five dump trucks, a wheel tractor, and a vibratory tamper.

The Bureau has not established criteria for evaluating the adequacy of the utilization of equipment. We believe, however, that management officials should question the need for construction equipment which is idle most of the time that road construction work is in progress. Although some of the equipment which was used less than 25 percent of the time may have been needed notwithstanding the low usage, we believe that area and agency management officials should be furnished with reports on the extent to which the equipment is used.

The supervisory highway engineer at the Navajo Agency told us that, in his opinion, more complete records and reports on the utilization of road construction equipment would be helpful to him in the management of the equipment.

Aberdeen Area--Although records showing the utilization of motorized road construction equipment were maintained by two of the four agencies which we visited in the Aberdeen Area, one agency destroyed the records at the end of each fiscal year and the other agency maintained its records in such a manner that the time that the equipment was used could not be related to the time that road construction work was in progress. Utilization records for other road construction equipment were maintained by neither agency. Therefore, we were unable to evaluate the overall utilization of such equipment in the Aberdeen Area.

However, on the basis of our discussions with the supervisory highway engineers at three of the agencies in the

Aberdeen Area (Pine Ridge, Pierre, and Cheyenne River), we identified 61 items of equipment that were in storage and apparently of limited or no use. The highway engineers at the three agencies told us that 21, or about 34 percent of the 61 items, were excess to current needs. We found that six of these items had not been used since acquisition, which in one instance was approximately 4 years prior to the time of our field review.

Billings Area--Our examination in the Billings Area disclosed that, while records of heavy equipment utilization were prepared by the Branch of Roads in each agency office, meaningful reports were not compiled from such data for use by management. We noted, for example, that, at the Crow Agency, utilization records based on equipment fuel consumption were prepared daily. This data is forwarded monthly to the Branch of Property and Supply at the Billings Area Office. The supervisory supply officer at the Billings Area Office informed us that, with the exception of the data pertaining to motor vehicles which is reported in the annual Motor Vehicle Report, the remaining data submitted by the agency offices is filed and not used to develop reports on the use of heavy equipment.

Our review of the Crow Agency records revealed that a substantial number of the equipment items available at this agency had also received little or no use. For example, six items of equipment, or 20 percent of the total number of items available, had not been used during fiscal year 1966. The following table shows the equipment items available and the items that had not been used during the last half of fiscal year 1965 and during fiscal year 1966. All of the equipment items shown were available for the entire period under consideration.

Description	Total items	Recorded value	Items not used	
			Last half of fiscal year 1965	Fiscal year 1966
Pull-type scrapers	2	5,149	2	2
Dump trucks	3	8,560	2	1
Tractor crawlers	4	49,761	1	1
Self-propelled roller	1	6,386	1	-
Special-purpose tractors	2	9,870	-	1
Aggregate spreader	1	8,840	1	1
Other items	17	181,186	-	-
Total	30	\$269,752	7	6
Percent of total items	100%		23%	20%
Value of items not used			\$28,713	\$23,164

Furthermore, some of the items of equipment listed above had not been used during the 18 months ended June 30, 1966.

Other items had been used less than 25 percent of the time construction work was in progress. Among these items were two motor graders which had been used less than 25 percent of the time during the last half of fiscal year 1965 and three which had been used less than 25 percent of the time during fiscal year 1966; and two dump trucks and the self-propelled roller which had been used less than 25 percent of the time during fiscal year 1966.

Physical inventories, which we conducted at this agency, in September 1966, disclosed that 16 items of equipment valued at about \$52,500 were in a serviceable condition, according to agency officials, but were in storage at the time of our inventories. On the basis of our review of the records and from our discussions with agency officials, we determined that eight of the 16 items had been in storage for periods of from 1 to 5 years.

School equipment

New schools are initially furnished equipment pursuant to standards approved by the Area Directors and the Washington, D.C., Central Office. We have been advised by Bureau field officials, however, that additional equipment is purchased by school principals and superintendents on the basis of their judgment as to program needs. The only reports to management regarding the continuing need for the equipment on hand are the certifications on the periodic inventory listings of capitalized equipment that the equipment on hand is not excess to program needs.

To evaluate the need for equipment on hand at schools, we compared the quantities and types of certain equipment items at various schools of comparable size and programs in the Navajo and Aberdeen Areas. Our findings at these schools are set forth in the following sections.

Navajo Area--Our comparison of the number and type of certain equipment items on hand during calendar year 1966 at selected schools in the Navajo Area that were comparable in terms of school type, enrollment, and grade level, showed that there were substantial differences in the quantities of similar equipment at each of the schools, as shown on the following table.

Comparison of the Quantities of Selected Equipment
Assigned to Schools of Comparable Size and Programs
Navajo Area

	Enrollments from 1,052 to 1,161 pupils			Enrollments from 650 to 700 pupils		
	Crownpoint, N. Mex.	Chinle, Arizona	Tuba City, Arizona	Kayenta, Arizona	Leupp, Arizona	Greasewood, Arizona
Approximate enrollment	1,064	1,052	1,161	650	700	700
Type of school	Boarding	Boarding	Boarding	Boarding	Boarding	Boarding
Grade levels	Beginners through 8th	Beginners through 8th	Beginners through 8th	Beginners through 6th	Beginners through 8th	Beginners through 8th
Quantities of selected equipment on hand:						
Still projectors (note a)	18	63	45	40	8	9
Movie projectors	12	20	21	11	4	9
Phonographs (note b)	47	25	62	32	28	21
Tape recorders (note c)	10	70	19	18	2	3
Sewing machines	31	35	25	18	25	16
Pianos	4	6	22	6	5	2
Typewriters	32	48	39	23	22	17
Total	<u>154</u>	<u>267</u>	<u>233</u>	<u>148</u>	<u>94</u>	<u>77</u>

^aIncludes filmstrip, overhead, and opaque projectors.

^bIncludes radio/phonograph combinations.

^cIncludes 29 "listening centers" assigned to the Chinle School.

To determine the principal reasons for the significant variations in the quantities of equipment on hand at these schools, we examined into whether the schools followed the practice of scheduling and pooling the equipment for the use of more than one classroom and teacher.

Our examination showed that the two schools with the least amount of equipment in their comparable enrollment groups--Greasewood and Crownpoint--were pooling much of their equipment for the general use of several classrooms and teachers. Principals at both of these schools told us that the system of pooling their equipment had worked satisfactorily and had not hindered their programs.

In contrast to this, the principals at the two schools with the greatest amount of equipment--Tuba City and Chinle--told us that they preferred to have equipment available for each classroom and teacher. Our discussions with several teachers, however, disclosed no objection on their part to pooling the use of most of their equipment. At the Tuba City School, teachers told us that some of the equipment was used only occasionally. One teacher furnished us with the following estimated usage of equipment assigned to her classroom:

<u>Equipment</u>	<u>Estimated usage</u>
Piano	Used occasionally for preparation of various programs
Filmstrip projector	Used 2 to 3 times a month
Movie projector	Not used this school year
Tape recorder	Used every other month
Phonograph	Used several days a week

Other teachers furnished us with varying estimates showing relatively infrequent use of equipment located in their classrooms.

At Kayenta, Arizona, the school principal told us that the quantity of equipment on hand at this school, upon his arrival approximately 3 years prior to the time of our review, was sufficient to make pooling unnecessary. He stated that, in his opinion, better utilization of equipment could

be realized through a pooling arrangement. As an example, he pointed out that, of the 22 overhead projectors on hand at the school (one for each classroom), only about six would be needed under a satisfactory pooling arrangement. He told us also that, of the 18 sewing machines assigned to the school, only about eight were needed.

It seems evident to us that, with proper scheduling of activities, certain of these six schools could have released many of the items of equipment listed in the foregoing table. It also appears to us that management officials knowledgeable in the various school programs would have been in a position to question the need for many of the items if adequate reporting had been rendered for their use.

Aberdeen Area--Our examination at four schools in the Aberdeen Area showed that the majority of the equipment items selected for review were being utilized on a pooling basis. As a result, we found less variation in the quantities of equipment at these schools than in the six schools in the Navajo Area. As shown in the table below, with the exception of typewriters and phonographs which were used on an individual classroom basis at the Oglala Community School, the quantities of equipment at each of the schools were reasonably comparable.

This does not mean, however, that all of the equipment was being fully utilized or was needed. Our discussions with officials at each of the schools disclosed that a significant number of the items were excess to current needs. The following table shows selected items of capitalized equipment at these schools, according to Aberdeen Area Office records, and, in parentheses, the number of items identified by the school officials as being excess to their needs.

	<u>Over 1,000 pupils</u>		<u>250-300 pupils</u>	
	<u>Oglala School</u>	<u>Cheyenne</u>	<u>Fort Thompson School</u>	<u>Little Wound Day School</u>
		<u>Eagle Butte</u>		
Enrollment	1,139	1,109	271	289
Type of school	Community	Community	Community	Day
Grade level	1-12	1-12	1-8	1-8
Quantities of selected equipment on hand:				
Still projectors	30 (6)	28	3	5 (2)
Movie projectors	13 (1)	11	2	2
Phonographs	63 (14)	33	6	7 (2)
Tape recorders	14 (1)	8	2	1
Sewing machines	22 (1)	32	2 (1)	6 (4)
Pianos	10 (1)	10	3	2
Typewriters	<u>112 (8)</u>	<u>59</u>	<u>7 (2)</u>	<u>9 (4)</u>
	<u>264 (32)</u>	<u>181</u>	<u>25 (3)</u>	<u>32 (12)</u>

Acquisition of unneeded school equipment

Our examination showed that school equipment had been purchased for a school when similar serviceable items could have been obtained from other schools. Our limited tests of inventories at various locations in the Navajo Area disclosed significant quantities of equipment which either were not being used or were not needed but which had not been reported as excess. The Navajo Area property management officer told us that he had no effective means of screening the area locations for usable excess equipment and, as a result, had to rely on the various locations to properly declare equipment as excess.

In our opinion, had the availability of this excess equipment been properly reported to area management, the majority of it could have been transferred to the newly constructed high school at Fort Wingate, New Mexico. The transfer of this equipment would have precluded purchases of similar equipment, costing about \$16,303, for that school. Following is a list of the serviceable excess equipment items identified during our tests of physical inventories at various locations in the Navajo Area and a list of the similar items purchased for the Fort Wingate High School during June 1965:

	Units purchased for new <u>school</u>	Serviceable excess items <u>identified</u>	Unneeded items <u>purchased</u>	Cost of items purchased <u>unnecessarily</u>
Overhead projectors	5	17	5	\$ 1,575
Movie projectors	5	2	2	563
Pianos	7	1	1	495
Sewing machines	86	37	37	7,400
Typewriters	16	5	5	968
Thermofax "Secretary"	1	1	1	375
Various items of shop equipment	7	6	4 ^a	1,093
Washing machines	3	17	3	690
Gas cooking ranges	76	15	15	1,830
Electric refrigerators	<u>77</u>	<u>9</u>	<u>9</u>	<u>1,314</u>
Total	<u>283</u>	<u>110</u>	<u>82</u>	<u>\$16,303</u>

^aOf the six excess items of shop equipment which we identified during our physical inventories, four similar items were purchased unnecessarily for the Fort Wingate High School.

It appears to us that all of the excess items identified, except for 14 washing machines and 12 overhead projectors, could have been used at the new Fort Wingate High School.

The identification and classification of the excess equipment shown in the above table was based on discussions with local Bureau officials and our tests of physical inventories. We also took into consideration such factors as the time since the equipment had last been used and whether it was located where it could be used or was in storage. While we were unable to determine in every case why the above property had not been declared excess, our examination showed that, in some instances, the officials responsible for the equipment were unaware of the existence of the excess equipment items.

As an example, at the Fort Wingate, New Mexico, Elementary School (formerly the Fort Wingate, New Mexico, Vocational High School) 18 of the sewing machines listed on the above table were stored in the basement of a warehouse. Five of the machines were new and were still packed in the manufacturer's shipping cartons. The school principal told us that he did not know why the machines were stored in the basement but that he thought such machines were formerly used by the Vocational High School pupils who were

transferred to the new high school in September 1965. He told us, however, that the machines were not needed at the elementary school.

We also found two movie projectors and three typewriters that had been stored in a basement at the Chinle, Arizona, Agency Office for periods of up to a year. We were informed by the responsible agency official that he was not aware of the location of these items or the fact that they were not being used.

During our examination at the Chinle, Arizona, School, we also found nine sewing machines valued at about \$1,420 and six items of shop equipment valued at approximately \$1,400 that were excess to the needs of the school. We were informed by the school principal that these items, which were located in the home economics and shop classrooms, were part of the original equipment furnished the school when it was opened in 1960. The principal told us that the use of this equipment required relatively advanced skills and, therefore, were of no use in an elementary school program. Despite this, none of the items had been reported as excess as of the date of our review. Furthermore, all of the items had been certified as not excess to program needs as of the date of the most current inventory.

At the Thoreau, New Mexico, School, we found an overhead projector and a Thermofax "Secretary" machine that were still packed in the manufacturer's shipping cartons and were stored in the school basement. The records showed that these equipment items had been purchased about two years prior to our visit.

CONDITION OF CAPITALIZED EQUIPMENT

Bureau instructions do not require the preparation of reports showing the condition of capitalized equipment. Responsible officials in the Aberdeen, Billings, and Navajo Area Offices advised us that such reports were not prepared in their areas.

Bureau instructions do provide, however, that, equipment, which is economically unrepairable and is to be disposed of, be identified during the periodic physical inventories and reported to the property officer having responsibility for the field unit. There is no requirement, however, to report unserviceable equipment that is economically repairable, unless such equipment is excess to the needs of the activity.

In view of the absence of reports showing the condition of capitalized equipment, we examined into the condition of equipment in the Aberdeen, Billings, and Navajo Areas for the purpose of determining whether unserviceable equipment was being promptly repaired or disposed of. Our determinations as to the condition of the equipment were based on the advice of responsible Bureau officials.

Our findings are discussed in the following sections of this report.

Road construction equipment

At two garage facilities for the repair and maintenance of road construction and maintenance equipment in the Navajo Area, we identified 25 items of equipment--motor graders, trucks, truck-tractors, etc.--with a total recorded value of about \$95,500, which were in an unserviceable condition and awaiting disposal at the time of our visit. We noted that three of the items had been in storage for over a year. In addition, we identified 20 other equipment items valued at about \$190,700 that were awaiting repair. Officials told us that nine of these items, valued at about \$50,600, had been awaiting repair for over 6 months.

The following table summarizes the results of our examination at the two garage facilities in the Navajo Area:

	Percentage of <u>total items</u>	No. of <u>items</u>	Recorded <u>value</u>
Equipment in storage and not being used:			
Unserviceable items awaiting repair	14%	20	\$190,677
Unserviceable items awaiting disposal	18	25	95,491
Serviceable items	<u>43</u>	<u>59</u>	<u>136,643</u>
Total	75	104	422,811
Equipment being used	<u>25</u>	<u>35</u>	<u>78,835</u>
Total number of equipment items on hand	<u>100%</u>	<u>139</u>	<u>\$501,646</u>

Our examinations at selected locations in the Aberdeen and Billings Areas disclosed similar circumstances. For example, at the Pierre, South Dakota, Agency (Aberdeen Area), we found that, of 10 items of equipment in storage, five were unserviceable and excess to the needs of the agency. Moreover, one of the items, a truck-mounted crane, had been in storage for approximately 3 years and two other items had been in storage for about a year.

At the Crow Agency in the Billings Area, we identified nine items, such as dump trucks, tractor-crawlers, etc., with recorded values of over \$69,000 that were unserviceable at the time of our physical inventories. Discussions with responsible agency officials disclosed that three of the items had been in storage for approximately 2 years although they were excess to the agency's needs. Two additional items had been awaiting repair for about a year.

School equipment

Our examination showed that school equipment was also being permitted to remain in an unserviceable condition. For example, during our inventory tests at two schools in

the Navajo Area, we identified 73 equipment items, with recorded values totaling about \$11,200, that were unserviceable. At one school, where most of the items were located, the school principal advised us that he was not aware that many of the items were unserviceable. Our discussions with school officials disclosed that, although some of the equipment items required only minor repairs, such information was not reported to management at agency or area offices and that, as a result, the items had remained unserviceable for extended periods, in some instances for 2 years. Similar examples of unserviceable equipment were observed at three of the four schools which we visited in the Aberdeen Area.

AGENCY COMMENTS AND OUR EVALUATION

In a letter dated July 27, 1967 () the Director of Survey and Review, Department of the Interior, commented on our findings. In summary, our findings, coupled with the Presidential Commission Report of September 16, 1966, concerning efficiency of property, had caused the Department to re-evaluate its policies on the aspects of property management and equipment utilization not only by the Bureau but throughout the Department. The Department agreed that, at the time of our review, action was clearly called for and that the Bureau had made progress in improving the Bureau's property management practices. He expressed the opinion, however, that the criticisms were not, in all particulars, fully

In this connection, the Director of the Bureau noted as being idle (1) was undoubtedly the property of a field agency, (2) was idle because of seasonal requirements as a result of the Department's practice of holding property to meet spare parts and short-term needs. In connection, the Director stated that the following was noted in our review:

"were, undoubtedly, ones not charged with work. They were parked at BIA facilities by the Bureau's Public Services Administration during periods when the Bureau had no engagements for them."

Our evaluation of the condition and use of equipment at the locations visited and the condition of equipment owned by the Bureau.

The Director stated also that "our review showed that equipment is seasonal so that it is idle part of the year." With respect to seasonal requirements on equipment usage, the use of equipment covered 18-month periods in the Billings and Navajo Areas. In those areas, examination showed that equipment idle for the entire year or for the entire 18-month period. There appeared to be little doubt that the

equipment was not the result of seasonal requirements. In those instances where equipment items were idle only during the fiscal years in which our test period covered 6 months, we determined that, during these periods, work was performed on road construction projects by the activities which we reviewed in the Navajo and Billings Areas the equivalent of 26 and 12 workweeks, respectively.

It appears, therefore that, if the equipment were needed, it would have been used during our test period. Therefore we believe that the number of items of equipment that were idle during the periods covered by our examination, which could be attributed solely to seasonal requirements was minimal.

The Director further stated:

"For years, the Department has followed the rule that excess is the first source of supply. Whenever possible, we obtain from excess, at no cost (except transportation), equipment to be used as sources of repair parts for construction and other equipment. Although much of this equipment is itself inoperable, we are able by 'cannibalizing' to extend the useful life of equipment and reduce the time for repairs, all at little expense.

"In the case of equipment needed only for a comparatively short time, instead of purchasing it new, we acquire it from excess, when available, and redeclare it excess when it has served its purpose. Further, because of the uncertainty of excess as a source of supply, in some instances we acquire property from excess considerably in advance of our need for it in order to take advantage of the availability of suitable items at no cost. These practices, which are certainly in the interest of economy, account for some of the idle equipment noted by the auditors."

During our review, we noted that a substantial number of items of road construction equipment cited in our report were obtained from excess Government stocks and in some

instances may not have been in operable condition or put into use immediately upon receipt. To compensate for these factors in our usage computations, we considered all items of road construction equipment included in our tests in the Navajo Area as being fully utilized in the fiscal year in which they were acquired. All of the equipment items included in our tests in the Billings Area had been on hand at least 5 months prior to the 18-month period covered by our tests. Since our test periods covered 1-1/2 fiscal years, all of the equipment items cited in the report as being idle during the test periods had been on hand a minimum of 6 months prior to the end of the test period in the Navajo Area and a minimum of 23 months in the Billings Area.

According to Bureau instructions, equipment cannot be cannibalized, or used as a source of spare parts, until such action is approved by a board of survey. Therefore we excluded from our review, all items of equipment which had been surveyed and were to be cannibalized or otherwise disposed of.

We believe that, by following these procedures, we have given adequate consideration to delays that would ordinarily be encountered in repairing or putting equipment into use or in obtaining the approval of a board of survey and salvaging those items which were to be used as a source of spare parts.

CONCLUSIONS AND RECOMMENDATIONS

As discussed in this report, certain capitalized equipment of the Bureau has received little or no use and has been allowed to remain in an unserviceable condition without action being taken to redistribute, dispose of, or repair the equipment. We believe, therefore, that the Bureau's system for managing capitalized equipment needs improvements such as more complete utilization records; independent physical inventories; and reports to area and agency management on the use and condition of the equipment.

We believe the Bureau should require that utilization records be maintained for motorized road construction equipment and for costly items of nonmotorized construction equipment. We believe that these records should also be required for construction equipment which may be in high demand to ensure that it is located where it is most needed. Utilization records were being maintained at most of the locations we visited for motorized equipment and at some locations for nonmotorized equipment.

Although the Bureau's instructions on physical inventoring provide for the identification of obviously unrepairable equipment, they do not require the identification of unserviceable but economically repairable equipment. We believe that all unserviceable equipment should be identified during the periodic inventories and reported to the respective area offices to ensure that prompt action is taken to repair or dispose of such equipment.

As noted in the Bureau's operating instructions, the periodic physical inventories of capitalized equipment provide an opportunity for determining the extent of utilization as well as the existence and location of the equipment. We believe that utilization should be determined during the physical inventories, on the basis of the records maintained on construction equipment, and for equipment for which no records are maintained, on the basis of observations and interviews.

We believe that, to ensure the reliability of these determinations, the inventories should be taken or verified by Bureau personnel who are not responsible for custody of equipment.

The Bureau's machine listings of capitalized equipment by location and activity appear adequate and necessary for inventory and accountability purposes. These listings are the only information on capitalized equipment that is regularly furnished to installation, agency, and area office personnel responsible for property management activities. However, because the listings show each item of equipment as a separate line item and do not group the equipment by types, we believe that the listings have little, if any, value to these officials.

We believe that the information contained in these listings, together with information on condition and utilization obtained during the physical inventories, should be summarized in a meaningful form for use by agency and area officials in the management of capitalized equipment. As a minimum, a listing should be prepared for each location and activity grouping each type of equipment and showing for each type: the total number of items and their value; the number of items that are receiving little or no use, that are not needed, and that are in an unserviceable condition; and the number of unserviceable items that are repairable. Such a listing would enable these officials to readily ascertain and compare the status of capitalized equipment at each installation and would enable them to make more informed judgments on the need to redistribute, dispose of, repair, and procure equipment.

Recommendations to the
Secretary of the Interior

Accordingly, we recommend that the Secretary of the Interior direct the Bureau to require that:

1. Utilization records be maintained for high-value and high-demand items of capitalized road construction equipment;
2. Physical inventories of capitalized equipment be taken or verified by Bureau personnel who are not responsible for the custody of the equipment;
3. Inventorying of capitalized equipment include independent inquiry into the condition and extent of utilization of the equipment; and
4. Upon completion of the inventories, reports for each installation be prepared by types of equipment, showing the number of items and their value, condition, utilization, need, and repairability.

Information furnished to us in the Department's comments on our findings and in subsequent discussions with Department and Bureau officials indicates that the actions contemplated in the above recommendations have been initiated or are planned.

The Director of Survey and Review, in his letter of July 27, 1967, stated:

"We agree that taking physical inventories of non-expendable property provides an opportunity to identify unserviceable as well as excess items. Experience has shown that this means of identification can be ineffective when the physical inventories are taken by employees responsible for the custody of the property. Moreover, inventories taken in this manner can result in 'paper' rather than 'physical' inventories, and failure simultaneously to properly observe and note the actual condition of the property and the extent of its utilization. We have therefore directed that BIA

have physical inventories taken by property management personnel or by Area Office inventory teams and that the inventorying personnel be made responsible not only for physically counting nonexpendable property but also for--

- "1. Noting the physical condition of the property and identifying items in need of repair.
2. Identifying idle equipment or items that are not being effectively utilized.
3. Rendering a report on items in categories 1 and 2 above to management officials responsible for corrective or follow-up action."

The Director also stated that the January 1, 1967, inventory conducted in the Navajo Area met these requirements and that, in addition, the Bureau was regularly obtaining reports of the extent to which items of capitalized equipment were being utilized during each 6-month period. Department and Bureau officials subsequently advised us that the reports referred to in the Director's letter are the detailed inventory listings showing the results of the physical inventories. Moreover, Bureau officials advised us that the inventory listing showing the results of the January 1, 1967, physical inventory in the Navajo Area was the only compilation of utilization information prepared within the Bureau as of that date. They advised us also that instructions had not been issued to the field offices regarding reports on equipment utilization. On January 26, 1968, the Bureau issued instructions requiring that physical inventories be independently verified, but these instructions did not provide for reporting on equipment utilization.

Department and Bureau officials advised us that, with the assistance of a consulting firm, the Bureau is developing a computerized financial management system which will include property accounting. The Bureau's Deputy Assistant Commissioner, Administration, has advised us that this system is expected to become operational in fiscal year 1969

and that, at that time, the Bureau will be in a position to fully develop the property management aspects of this system. He stated that he expected that, in addition to the maintenance of property accountability records, physical inventory determinations on use and condition of capitalized equipment could be entered into the computer and serve as a basis for the preparation of appropriate reports to management.

The Deputy Assistant Commissioner advised us further that Bureau instructions will be revised to clearly require that utilization records be maintained for all motorized road construction equipment. We believe that the Bureau should also consider the need for keeping utilization records on high-demand and high-value nonmotorized construction equipment.

On the basis of our review, we believe that additional steps are required to improve the management of school equipment. There were substantial differences in the amount of equipment at schools having similar enrollments and programs, because equipment requirements, beyond those provided for in the Bureau's standards for equipment initially furnished to new schools, are determined by local school officials. We believe that these differences resulted primarily from some schools determining their equipment needs on the basis of pooling equipment for the use of several classrooms and teachers while other schools were determining their equipment needs on the basis of individual classroom and teacher requirements.

Therefore, we recommend also that the school equipment standards be adjusted, as appropriate, on the basis of operating experience, including consideration of pooling arrangements, and that such standards be used for evaluating requests for additional school equipment. We recommend further that the reports which are to be prepared upon completion of physical inventories, as recommended in item 4 on page 29, be compared with the adjusted equipment standards to assist in making informed judgments on the need to redistribute, dispose of, repair, and procure school equipment.

APPENDIXES

PRINCIPAL OFFICIALS OF
THE DEPARTMENT OF THE INTERIOR
AND THE BUREAU OF INDIAN AFFAIRS
RESPONSIBLE FOR THE ADMINISTRATION OF
ACTIVITIES DISCUSSED IN THIS REPORT

Tenure of office
From To

DEPARTMENT OF THE INTERIOR

SECRETARY OF THE INTERIOR:

Stewart L. Udall Jan. 1961 Present

UNDER SECRETARY OF THE INTERIOR:

David S. Black Aug. 1967 Present

Charles F. Luce Sept. 1966 Aug. 1967

John A. Carver, Jr. Jan. 1965 Sept. 1966

James K. Carr Jan. 1961 July 1964

ASSISTANT SECRETARY OF THE INTERIOR
(PUBLIC LAND MANAGEMENT):

Harry R. Anderson July 1965 Present

John A. Carver, Jr. Jan. 1961 Dec. 1964

ASSISTANT SECRETARY FOR ADMINIS-
TRATION:

Robert C. McConnell Aug. 1967 Present

Vacant Dec. 1965 Aug. 1967

D. Otis Beasley Sept. 1952 Dec. 1965

BUREAU OF INDIAN AFFAIRS

COMMISSIONER OF INDIAN AFFAIRS:

Robert L. Bennett Apr. 1966 Present

Philleo Nash Sept. 1961 Mar. 1966

PRINCIPAL OFFICIALS OF
THE DEPARTMENT OF THE INTERIOR
AND THE BUREAU OF INDIAN AFFAIRS
RESPONSIBLE FOR THE ADMINISTRATION OF
ACTIVITIES DISCUSSED IN THIS REPORT (continued)

Tenure of office
From To

BUREAU OF INDIAN AFFAIRS (continued)

DEPUTY COMMISSIONER OF INDIAN
AFFAIRS:

T. W. Taylor	July 1966	Present
John L. Norwood (acting)	Mar. 1966	July 1966
Robert L. Bennett	Jan. 1966	Mar. 1966
John O. Crow	Sept. 1961	Nov. 1965

ASSISTANT COMMISSIONER OF INDIAN
AFFAIRS (ADMINISTRATION):

J. Leonard Norwood (acting)	Dec. 1967	Present
Fred H. Massey	July 1956	Dec. 1967



UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

JUL 27 1967

Dear Mr. Pahl:

We have studied your draft report: "Proposals for Improvements in the System for the Management of Nonexpendable Property, Bureau of Indian Affairs" (BIA). The Department agrees that, at the time of the auditors' review, remedial action was clearly called for. However, we feel that the auditors' criticisms were not, in all particulars, fully justified. We also are in a position to report progress in improving BIA property management practices.

The report deals with BIA nonexpendable equipment for (1) road construction and (2) schools, and states that such equipment has been ineffectively utilized, that unserviceable and unneeded property has been retained for extended periods with no action to repair or dispose of it, and that property has been purchased for one activity when similar property could have been obtained by loan or transfer from other BIA activities.

The specific examples mentioned in the auditors' reports were cited also by the Chairman of the Department of the Interior and Related Agencies Subcommittee of the House Appropriations Committee. A copy of pages 918-921 of the Subcommittee hearing, giving the BIA response, is enclosed for your ready reference. [See GAO note]

For years, the Department has followed the rule that excess is the first source of supply. Whenever possible, we obtain from excess, at no cost (except transportation), equipment to be used as sources of repair parts for construction and other equipment. Although much of this equipment is itself inoperable, we are able by "cannibalizing" to extend the useful life of equipment and reduce the time for repairs, all at little expense.

In the case of equipment needed only for a comparatively short time, instead of purchasing it new, we acquire it from excess, when available, and redeclare it excess when it has served its purpose. Further, because of the uncertainty of excess as a source of supply, in some instances we acquire property from excess considerably in advance of our need for it in order to take advantage of the availability of suitable items at no cost. These practices, which are certainly in the interest of economy, account for some of the idle equipment noted by the auditors. It also should not be overlooked that our need for some of the equipment is seasonal so that it is normal for it to be idle part of the year. Further, some of the idle trucks noted by the auditors were, undoubtedly, ones not charged to BIA that were parked at BIA facilities by the General Services Administration during periods in

GAO note: Enclosure to this letter not included in this report. Pertinent matters contained in the enclosure have been considered in the report.

APPENDIX II

Page 2

which it had no engagements for them.

We agree that taking physical inventories of nonexpendable property provides an opportunity to identify unserviceable as well as excess items. Experience has shown that this means of identification can be ineffective when the physical inventories are taken by employees responsible for the custody of the property. Moreover, inventories taken in this manner can result in "paper" rather than "physical" inventories, and failure simultaneously to properly observe and note the actual condition of the property and the extent of its utilization. We have therefore directed that BIA have physical inventories taken by property management personnel or by Area Office inventory teams and that the inventorying personnel be made responsible not only for physically counting nonexpendable property but also for--

1. Noting the physical condition of the property and identifying items in need of repair.
2. Identifying idle equipment or items that are not being effectively utilized.
3. Rendering a report on items in categories 1 and 2 above to management officials responsible for corrective or follow-up action.

Our Departmental Manual (419DM3.1) provides that all nonexpendable property held by each accountable officer is to be continuously surveyed to determine which items are available for transfer.

The Navajo Area January 1, 1967, inventory that, among other types of nonexpendable equipment, covered construction equipment, visual-aid equipment, cameras, projectors, and pianos, for example, met these criteria. In addition to taking inventory, BIA now regularly obtains reports of the extent to which items of nonexpendable equipment have been utilized during each six-months period and continuously screens all of its Agencies and schools for excess equipment for redistribution.

We agree that good management of nonexpendable property requires audit attention, not only in BIA but in other activities of the Department as well. Hence, our internal audit staff has, for example, just completed a Department-wide review of the utilization of motor vehicles and is at present engaged in a review of the management of nonexpendable equipment acquired under the Department's numerous grant programs.

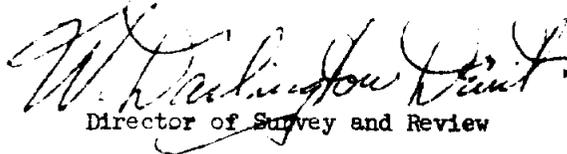
Normally, the Department's internal audit resources will not be devoted to recurring verifications of physical inventories. Physical counts and inventory verifications by internal auditors will be made

only as spot checks in connection with reviews of property management procedures and controls.

Your report, coupled with the President's memorandum of September 16, 1966, has caused us to place increased emphasis on the aspects of property management concerned with equipment utilization, not only by the BIA but throughout the Department.

We appreciate having had an opportunity to review the report.

Sincerely yours,



Director of Survey and Review

Mr. Eugene L. Fahl
Assistant Director, Civil Division
General Accounting Office
Washington, D. C. 20548

Enclosure

