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**REPORT TO
THE CONGRESS OF THE UNITED STATES**

**NEED FOR IMPROVEMENTS
IN THE MANAGEMENT OF MONEYS
HELD IN TRUST FOR INDIANS**

**BUREAU OF INDIAN AFFAIRS
DEPARTMENT OF THE INTERIOR**



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

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Inequitable distribution of
interest income on deposits

We estimate that, during fiscal years 1963 and 1964, \$38,700 of interest income was inequitably distributed to depositors because Aberdeen and Billings misclassified the beneficial ownership of Government securities after ISSDA activities were reorganized in 1950.

In 1950 the Bureau established area office ISSDAs by consolidating the functions of agency office ISSDAs. At the time of the consolidation, Government securities which had been purchased by agency office ISSDAs as investments of excess cash on deposit were transferred to the area office ISSDAs. The identification of the securities with the agency offices at which they were originally purchased should have been discontinued at the time of the consolidation since cash on deposit and securities purchased with the excess cash were then merged by the area office ISSDAs into consolidated accounts. Thus, the beneficial ownership of the securities was now vested with all of the depositors' accounts held by the area office ISSDAs. However, we found that Aberdeen and Billings were distributing the interest income from the securities to the depositors from the agencies at which the securities had originally been purchased, disregarding balances in other depositors' accounts during current interest periods.

The inequity of this practice is illustrated by the following examples. During fiscal years 1963 and 1964, \$7,500 in interest income was distributed to depositors from an agency office that had an average of \$1,661,000 on deposit. During the same period, \$20,000 in interest income was distributed to depositors from another agency office that had an average of \$448,000 on deposit.