

INDIAN AFFAIRS

Bureau of Indian Education Needs to Improve Oversight of School Spending**GAO
Highlights**

Highlights of [GAO-15-121](#), a report to the Chairman, Subcommittee on Interior, Environment, and Related Agencies, Committee on Appropriations, House of Representatives

Why GAO Did This Study

BIE, within Interior's office of Indian Affairs, oversees 185 schools, serving about 41,000 students on or near Indian reservations. BIE's mission is to provide students with a quality education. However, BIE student performance has been consistently below that of public school students, including other Indian students. Given these challenges, GAO was asked to review BIE school funding and expenditures.

This report examines how funding sources and expenditures of BIE schools compare to those of public schools; the extent to which BIE has the staff and expertise needed to oversee school expenditures; and the extent to which BIE's processes for oversight adequately ensure that school funds are spent appropriately.

GAO reviewed relevant federal laws, regulations and agency documents, and analyzed BIE and public school expenditure data for school year 2009-10, the most recent year for which data were available. GAO also visited select BIE schools and nearby public schools in four states based on location, school and tribal size, and other factors.

What GAO Recommends

Among other things, GAO recommends that Indian Affairs develop a workforce plan to ensure that BIE has the staff to effectively oversee school spending and written procedures and a risk-based approach to guide BIE's oversight of school spending. Indian Affairs generally agreed with GAO's recommendations.

View [GAO-15-121](#). For more information, contact Melissa Emrey-Arras at (617) 788-0534 or emrearrasm@gao.gov.

What GAO Found

Unlike public schools, Bureau of Indian Education (BIE) schools receive almost all of their funding from federal sources. BIE directly operates about a third of its schools, and tribes operate two-thirds. According to BIE data, all of the BIE schools received a total of about \$830 million in fiscal year 2014: about 75 percent from the Department of the Interior (Interior), 24 percent from the Department of Education (Education), and 1 percent from the Department of Agriculture and other agencies. Public schools nationwide receive about 9 percent of their funding from federal sources and rely mostly on state and local funding.

GAO found that some BIE schools spend substantially more per pupil than public schools nationwide. Specifically, GAO estimates that the average per pupil expenditures for BIE-operated schools—the only BIE schools for which detailed expenditure data are available—were about 56 percent higher than for public schools nationally in school year 2009-10, the most recent year for which data were available at the time of GAO's review. Several factors may help explain the higher per pupil expenditures at BIE-operated schools, such as their student demographics, remote location, and small enrollment.

BIE lacks sufficient staff with expertise to oversee school expenditures. Since 2011, the number of BIE full-time administrators located on or near Indian reservations to oversee school expenditures decreased from 22 to 13, due partly to budget cuts. As a result, the 13 administrators have many additional responsibilities and an increased workload, making it challenging for them to provide effective oversight of schools. Additionally, these administrators have received less training in recent years. Further, the three administrators GAO spoke with said they do not have the expertise to fully understand the school audits they are responsible for reviewing. BIE's staffing of these positions runs counter to federal internal controls standards and key principles for effective strategic workforce planning, such as having sufficient, adequately-trained staff. Without adequate staff and training, BIE will not be able to ensure that school funds are spent appropriately.

BIE's processes for oversight do not adequately ensure that funds are spent appropriately. BIE lacks written procedures for how and when staff should monitor school spending and does not use a risk-based approach to prioritize how it should use its limited resources for oversight. Instead, BIE told GAO that it relies primarily on ad hoc suggestions by staff regarding which schools to oversee more closely. Meanwhile, some schools have serious financial problems. Notably, external auditors identified \$13.8 million in unallowable spending at 24 schools as of July 2014. Further, in March 2014, an audit found that one school lost about \$1.2 million in federal funds that were improperly transferred to an off-shore account. Without written procedures and a risk-based approach to overseeing school spending—both integral to federal internal control standards—there is little assurance that federal funds are being used for their intended purpose to provide BIE students with needed instructional and other educational services.