



March 2024

# BUREAU OF INDIAN EDUCATION

## Improved Oversight of Schools' COVID-19 Spending is Needed

# GAO Highlights

Highlights of [GAO-24-105451](#), a report to congressional addressees

## Why GAO Did This Study

Many of BIE's 183 schools are located in remote tribal lands that faced extraordinary challenges during the COVID-19 pandemic and continue to experience ongoing effects. Congress appropriated about \$1.5 billion to help BIE and its schools respond to the pandemic. GAO reviewed the use of COVID-19 relief funds by schools and BIE as part of GAO's responsibilities under the CARES Act.

This report examines how BIE and schools spent their COVID funds and BIE's guidance to schools on fund use, and the extent to which BIE oversees schools' fund use. GAO surveyed a generalizable sample of 85 BIE schools, with 70 schools responding, to collect information on their use of COVID funds and the extent to which BIE provided them guidance on spending. GAO also analyzed agency data on BIE schools' purchase card activity; reviewed relevant federal statutes, regulations, and agency policies and procedures for overseeing school COVID spending; and interviewed BIE and school officials.

## What GAO Recommends

GAO is making four recommendations to BIE to establish controls to ensure staff consistently follow agency procedures when schools do not submit timely single audit reports, document and report on COVID fund monitoring of high-risk schools, build capacity for fiscal monitoring of high-risk schools, and consistently use the required tool and procedures for monitoring school purchase card transactions. The agency agreed with the recommendations.

View [GAO-24-105451](#). For more information, contact Melissa Emrey-Arras at (617) 788-0534 or [emreyarrasm@gao.gov](mailto:emreyarrasm@gao.gov).

March 2024

# BUREAU OF INDIAN EDUCATION

## Improved Oversight of Schools' COVID-19 Spending is Needed

### What GAO Found

The Bureau of Indian Education (BIE) and its schools used federal COVID-19 relief funds mainly to support distance learning and prevent the spread of COVID-19 in schools. For example, BIE spent nearly \$60 million of its COVID funds on IT and broadband supports for schools, including student laptops and Wi-Fi equipment for distance learning. Similarly, nearly all of the 70 BIE schools that responded to GAO's survey reported prioritizing their COVID funds for laptops and tablets and for personal protective equipment, cleaning supplies, and COVID tests. Schools generally reported that BIE offered regular guidance and support for spending COVID funds.

BIE uses several processes to monitor schools' COVID spending, including reviewing schools' single audit reports, overseeing schools at high risk of financial mismanagement, and monitoring schools' purchase card use for fraud and misuse. However, GAO found that due to insufficient controls, BIE staff did not consistently follow these processes, which limited accountability for use of COVID funds. For example, a little over a quarter of required fiscal year 2021 single audit reports for schools and Tribes that received BIE grant funds were late or not submitted as of November 2023. But BIE did not follow agency standard procedures for applying or increasing financial conditions for 19 of the 28 grantees that failed to submit a timely single audit report that year. Without timely single audit reports, BIE lacks vital information for overseeing schools' financial management. Further, BIE did not conduct sufficient oversight of high-risk schools' COVID spending and lacked the staff capacity to complete all required monitoring. Such oversight is critical for helping schools correct errors and avoid them in the future. Finally, GAO found that for BIE-operated schools, nearly half of COVID fund spending with purchase cards between March 2020 and August 2022 involved elevated risk transactions according to agency data (see figure). Examples of elevated risk transactions include the purchase of gift cards or multiple purchases at the same merchant within a certain number of days that total more than the single purchase limit. However, BIE did not provide evidence that it had investigated these transactions for fraud or misuse.

**Bureau of Indian Education Schools' COVID Fund Spending with Purchase Cards, March 2020 to August 2022**



Source: GAO analysis of Interior data. | [GAO-24-105451](#)

In addition, GAO found that BIE staff did not consistently use the required tool or procedures for tracking and investigating suspicious transactions. Without addressing these gaps in its oversight of schools' COVID spending, BIE cannot ensure that schools will use remaining COVID funds appropriately to provide students the support they need.

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## Abbreviations

BIA	Bureau of Indian Affairs
BIE	Bureau of Indian Education
FAC	Federal Audit Clearinghouse
FBMS	Financial and Business Management System
Indian Affairs	Office of the Assistant Secretary–Indian Affairs
IntelliLink	Visa IntelliLink Compliance Management System
Interior	Department of the Interior
OMB	Office of Management and Budget

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March 27, 2024

Congressional Addressees

The Bureau of Indian Education (BIE) in the Department of the Interior (Interior), funds 183 schools on or near American Indian reservations across the nation. These schools serve approximately 41,000 students largely in tribal communities that encountered extraordinary health and economic challenges during the COVID-19 pandemic. We previously found that the pandemic has disproportionately impacted Tribes and their members, in part because of preexisting health and welfare disparities that American Indians and Alaska Natives experience.<sup>1</sup> Further, our recent work highlighted the lasting effects of the pandemic on schools nationwide, including student learning loss and a decline in children’s social and emotional health.<sup>2</sup> These effects are likely to be more acute for students at BIE schools because of the heavy toll the pandemic took on tribal communities.

Congress appropriated about \$1.5 billion in funds to BIE to support its response to the pandemic. Our work prior to the pandemic identified issues with BIE’s oversight of school spending, among other high-risk deficiencies, which prompted us to add BIE’s oversight and support for schools to GAO’s High Risk list in 2017.<sup>3</sup>

We conducted this work as part of GAO’s COVID-19 monitoring and oversight responsibilities under the CARES Act.<sup>4</sup> This report examines (1) how BIE and the schools it supports used their federal COVID-19 relief funds to respond to the pandemic, (2) the extent to which BIE provided its

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<sup>1</sup>See GAO, *COVID-19 Relief Funds: Lessons Learned Could Improve Future Distribution of Federal Emergency Relief to Tribal Recipients*, [GAO-23-105473](#) (Washington, D.C.: Dec. 15, 2022). We also found that the prevalence of preexisting health and welfare conditions, limited access to health care, and other long-standing infrastructure challenges, such as limited access to safe drinking water and overcrowded homes, have contributed to the disproportionate impact of COVID-19 on American Indians and Alaska Natives.

<sup>2</sup>GAO, *Pandemic Learning: Less Academic Progress Overall, Student and Teacher Strain, and Implications for the Future*, [GAO-22-105816](#) (Washington, D.C.: June 8, 2022).

<sup>3</sup>GAO, *High Risk Series: Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others*, [GAO-17-317](#) (Washington, D.C.: Feb. 15, 2017).

<sup>4</sup>Pub. L. No. 116-136, § 19010, 134 Stat. 281, 579-81 (2020).

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schools with guidance and support on their use of these funds, and (3) the extent to which BIE oversaw their use of these funds.<sup>5</sup>

To examine how BIE and the schools it supports used their COVID funds to respond to the pandemic, we distributed a web survey in the fall of 2022 to a statistical sample of 85 BIE-funded schools, including schools operated by Tribes and BIE. We received an 82 percent response rate. The results of our survey are generalizable to the population of BIE-operated and tribally controlled schools. We analyzed schools' responses about how they used their COVID funds, and we interviewed selected survey recipients to collect illustrative information about their COVID fund use. Our criteria for selecting schools to survey included a variety of characteristics, including whether the school was operated by BIE or a Tribe, student enrollment size, and geographic location. We interviewed survey respondents from schools that reported a variety of responses to obtain a diversity of perspectives. We also interviewed BIE officials and reviewed the agency's summary budget information on the COVID funds it reserved for emergency purposes.

To examine the extent to which BIE provided its schools with guidance and support on spending COVID funds, we collected and analyzed information through our generalizable survey and talked with selected survey recipients.

To examine the extent to which BIE oversaw schools' COVID funds use, we

- analyzed tribally controlled schools' audited financial reports<sup>6</sup> to determine whether they were submitted by required deadlines, and reviewed BIE documentation to assess whether it applied conditions on schools' funding for late reports according to the Office of the Assistant Secretary - Indian Affairs' (Indian Affairs) policy;

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<sup>5</sup>For the purposes of this report, we refer to funds appropriated or allocated to BIE under the CARES Act; Consolidated Appropriations Act, 2021; and the American Rescue Plan Act of 2021 as "COVID funds." Pub. L. No. 116-136, § 18001(a)(2), 134 Stat. 564; Pub. L. No. 116-260, § 311(a)(2), 134 Stat. 1182, 1924; Pub. L. No. 117-2, § 11005, 135 Stat. 4, 244.

<sup>6</sup>These reports are known as Single Audit Reports, the term we use for the purposes of this report.

- 
- analyzed BIE’s performance in overseeing high-risk schools’ COVID fund use by comparing information in fiscal monitoring reports with BIE’s monitoring requirements; and
  - analyzed all BIE-operated school purchase card transactions using COVID funds between March 2020 and August 2022 and assessed BIE’s monitoring of these transactions against department and agency requirements. We assessed the reliability of the data used in these analyses by reviewing system documentation and checking for erroneous or missing entries, and we found the data to be sufficiently reliable for the purposes of this report.

For all three objectives, we reviewed relevant federal laws and regulations and agency documentation. We also interviewed agency officials about the guidance, support, and oversight BIE provided schools in spending COVID funds. In addition, we met with national organizations with expertise in American Indian education for their views on these issues. See appendix I for more information on our objectives, scope, and methodology.

We conducted this performance audit from January 2022 to March 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

### Federal Supplemental Funding to Support BIE’s Response to the COVID-19 Pandemic

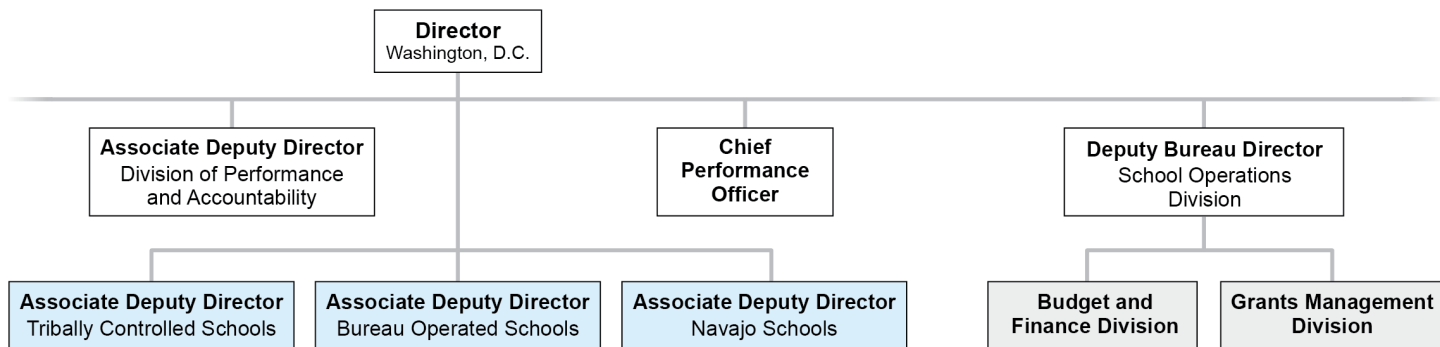
BIE received about \$1.5 billion in COVID funds from the CARES Act; the Consolidated Appropriations Act, 2021; and the American Rescue Plan Act of 2021 to respond to the COVID-19 pandemic. From this amount, BIE distributed more than \$920 million to K-12 schools and reserved about \$140 million for emergency purposes to address issues responding to the pandemic. Funding was distributed by formula to all BIE-funded schools, with tribally controlled schools receiving their funds primarily through grants. These statutes do not define specific allowable uses for BIE’s funds beyond the general purpose of responding to the pandemic. However, BIE adopted a set of allowable uses for schools established for local educational agencies in the CARES Act. These uses cover areas such as developing and implementing procedures and systems to improve preparedness and response efforts, training for staff on minimizing the spread of infectious diseases, and planning for and

coordinating long-term closures, including how to provide technology for online learning to all students. Funds BIE provided to schools under the American Rescue Plan Act of 2021—the largest source of COVID-relief funds for BIE and its schools—remain available until expended.

### BIE Offices Responsible for Supporting and Overseeing Schools' Use of COVID Funds

Several offices under the BIE Director are responsible for supporting and overseeing schools' use of COVID funds to help ensure that schools comply with departmental and other federal requirements (see fig. 1).

**Figure 1: Bureau of Indian Education (BIE) Offices Responsible for Supporting and Overseeing Schools' Use of COVID Funds**



Source: GAO analysis of Bureau of Indian Education (BIE) documentation. | GAO-24-105451

- The Division of Performance and Accountability oversees Department of Education–funded programs at BIE schools, including programs under the Individuals with Disabilities Education Act and Elementary and Secondary Education Act of 1965, as amended, as well as programs that have provided BIE with funds to address the COVID-19 pandemic.
- The Chief Performance Office oversees BIE’s strategic and performance planning to support the agency in meeting its mission and addressing recommendations in reports from GAO and Interior’s Office of Inspector General. The office also leads BIE’s annual fiscal monitoring of the schools the agency designates as being at a high risk of financial mismanagement.
- Three school divisions provide assistance, support, and oversight to schools, including the monitoring of federal funds: the Associate Deputy Director–Tribally Controlled Schools, the Associate Deputy Director–Bureau Operated Schools, and the Associate Deputy Director–Navajo Schools.



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- The School Operations Division is responsible for providing guidance and assistance to BIE schools in human resources, communications, educational facilities' safety, and acquisition and grants. Two divisions within School Operations are responsible for supporting and overseeing schools' spending of federal funds, including COVID funds. First, the Budget and Finance Division provides guidance and technical support to all BIE schools on using federal funds, and it monitors BIE-operated schools' spending, including schools' use of Interior-issued purchase cards.<sup>7</sup> Second, the Grants Management Division provides support and technical assistance to tribally controlled schools on using federal funds, and it monitors tribally controlled schools' spending, including their submission of financial audit reports, discussed below.

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## Monitoring of Schools' Federal Spending

BIE's fiscal monitoring of schools, including their use of COVID funds, includes several processes:

- **Review of tribally controlled schools' annual single audit reports.** Tribally controlled schools—which make up about two-thirds of all schools funded by BIE—are generally required to submit a single audit report if they spend \$750,000 or more in federal funds in a fiscal year. Even if individual tribally controlled schools do not meet this spending threshold, Tribes are required to submit a single audit report if they spend \$750,000 or more in federal funds. In fiscal years 2020 and 2021, BIE provided funds to 123 tribally controlled schools that were required under the Single Audit Act of 1984, as amended, to submit a single audit report or be included in their Tribe's single audit report.

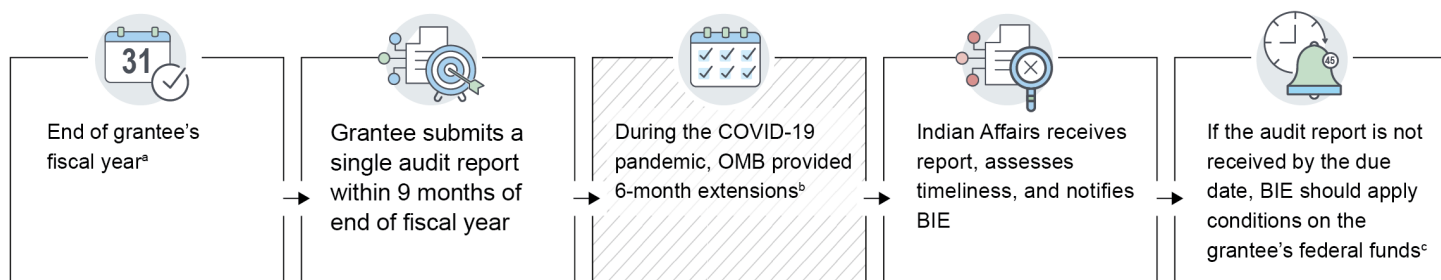
A single audit report is a comprehensive review of a non-federal entity's financial statements and compliance with federal laws, regulations, and grant requirements to ensure accountability and transparency. Schools and Tribes develop single audit reports, which include the results of audits conducted by independent firms. These reports provide BIE with information for overseeing schools' use of federal funds, including COVID funds. Schools and Tribes that are required to submit single audit reports annually must do so by certain due dates based on the school or Tribe's fiscal year, in accordance

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<sup>7</sup>BIE's administration of government purchase cards provided to bureau-operated schools is also supported and overseen by BIA. BIA is also responsible for providing BIE with policy guidance and training on monitoring purchase card transactions.

with the Single Audit Act of 1984, as amended.<sup>8</sup> If they do not submit a report by these dates, Indian Affairs' policy defines several actions that agencies, including BIE, should take (see fig. 2).<sup>9</sup>

**Figure 2: Indian Affairs' Process for Reviewing the Timeliness of Single Audit Report Submissions**



Source: GAO analysis of Indian Affairs and Office of Management and Budget documentation; GAO (icons). | GAO-24-105451

<sup>a</sup>Bureau of Indian Education (BIE) grantee fiscal years end on June 30, September 30, or December 31.

<sup>b</sup>The Office of Management and Budget provided 6-month extensions for grantees on audit reports for the fiscal year ending between June 30, 2020, and June 30, 2021.

<sup>c</sup>According to the Indian Affairs Single Audit Report Handbook, conditions on federal funding are financial remedies that the agency should apply to grantee's funding when it has not submitted an annual single audit report by the required due date. For the initial condition for noncompliance, the agency distributes funds, including contract support costs, to the grantee on a monthly rather than an annual basis, according to the handbook. The handbook further states that, in cases of continued noncompliance, the agency should increase conditions on the grantee by withholding all contract support funds until the grantee has submitted the required single audit report.

- **Annual high-risk fiscal monitoring.** BIE policy requires that it conduct annual monitoring of school spending based on a sample of tribally controlled and BIE-operated schools selected according to a variety of risk criteria, such as the amount of federal funds provided to schools. The purpose of BIE's high-risk fiscal monitoring is to ensure schools maintain effective management of their federal spending. BIE also provides technical assistance to help monitored schools address deficiencies. Staff from multiple BIE divisions work together to monitor selected schools and issue reports and a plan for providing technical assistance to address any findings.
- **School purchase card monitoring.** BIE-operated schools are federal workplaces, and employees are generally eligible for Interior-

<sup>8</sup>See 31 U.S.C. §§ 7501–7507.

<sup>9</sup>Department of the Interior, Indian Affairs, *Single Audit Report Handbook*, 5 IAM 2-H, Chapter 3.2 (Reston, VA): Oct. 28, 2021).

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issued purchase cards, according to agency official. Therefore, employees are subject to departmental and agency spending policies and requirements for those cards. Interior requires all bureaus and offices to use the Visa IntelliLink Compliance Management System (IntelliLink) to monitor purchase card transactions. This system is designed to help staff identify potential fraud or misuse and to manage investigations of questionable transactions. IntelliLink contains a variety of risk indicators that identify transactions at elevated risk based on certain characteristics, such as a transaction made to purchase a gift card.

BIE administrative staff have primary responsibility for school purchase card monitoring. These staff are required by agency policy to use IntelliLink to monitor transactions for risk indicators monthly and investigate cases where fraud or misuse is suspected. BIE is not authorized to operate its own purchase card program but is covered by the Bureau of Indian Affairs' (BIA) purchase card program. The lead administrator for BIA's purchase card program is responsible for providing purchase card administrative staff at BIE with oversight and support, according to Interior policy.

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## Prior GAO Work on BIE Schools

Our prior work found numerous weaknesses in BIE's management and oversight of BIE schools, including problems with monitoring school spending and conducting annual safety and health inspections of school facilities. As a result of these and other systemic problems with BIE's administration of education programs for Tribes and their members, we added this area to our High Risk List in February 2017.<sup>10</sup> In our 2023 High Risk update, we found that BIE had made progress in addressing weaknesses in some areas of supporting and overseeing BIE schools but needed to take actions in other areas. These actions included establishing consistent requirements for schools on making up missed special education services and developing and implementing written policies and procedures for collecting timely information on BIE-operated schools' technology needs.<sup>11</sup>

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<sup>10</sup>GAO, *High-Risk Series: Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others*, [GAO-17-317](#) (Washington, D.C.: Feb. 15, 2017).

<sup>11</sup>GAO, *High-Risk Series: Efforts Made to Achieve Progress Need to be Maintained and Expanded to Fully Address All Areas*, [GAO-23-106203](#) (Washington, D.C.: Apr. 20, 2023).

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## BIE and Schools Reported Using COVID Funds to Support Distance Learning and Mitigate the Spread of COVID-19

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### BIE Prioritized its COVID Spending on IT and Broadband Internet for Distance Learning

BIE reserved about \$140 million of the COVID funds it received for emergency purposes. As of January 2024, it had obligated all these funds. BIE spent nearly \$60 million of its COVID funds on IT and broadband supports for schools, according to agency information. For example, in 2020, BIE used its COVID funds to purchase and distribute thousands of laptops for students and teachers to use for distance learning while school buildings were closed. BIE also purchased Wi-Fi hotspots to enable internet connectivity for students living in remote areas so they could participate in distance learning when it was offered.

BIE also used its COVID funds to establish an online learning management system for bureau-operated schools. This system is designed to help BIE schools manage student data, communications, and curricula for learning both inside the classroom and in a remote environment, according to agency documentation. BIE officials reported that the agency is providing schools with training to use this system and has established a community of practice to support information sharing among schools.

BIE also used its COVID funds to support schools in several other areas, including providing

- COVID supplies, such as masks, COVID-19 testing kits, and personal protective equipment;
- supplemental funding to tribally controlled schools to support their pandemic response; and
- services to support a student behavioral health and wellness program.

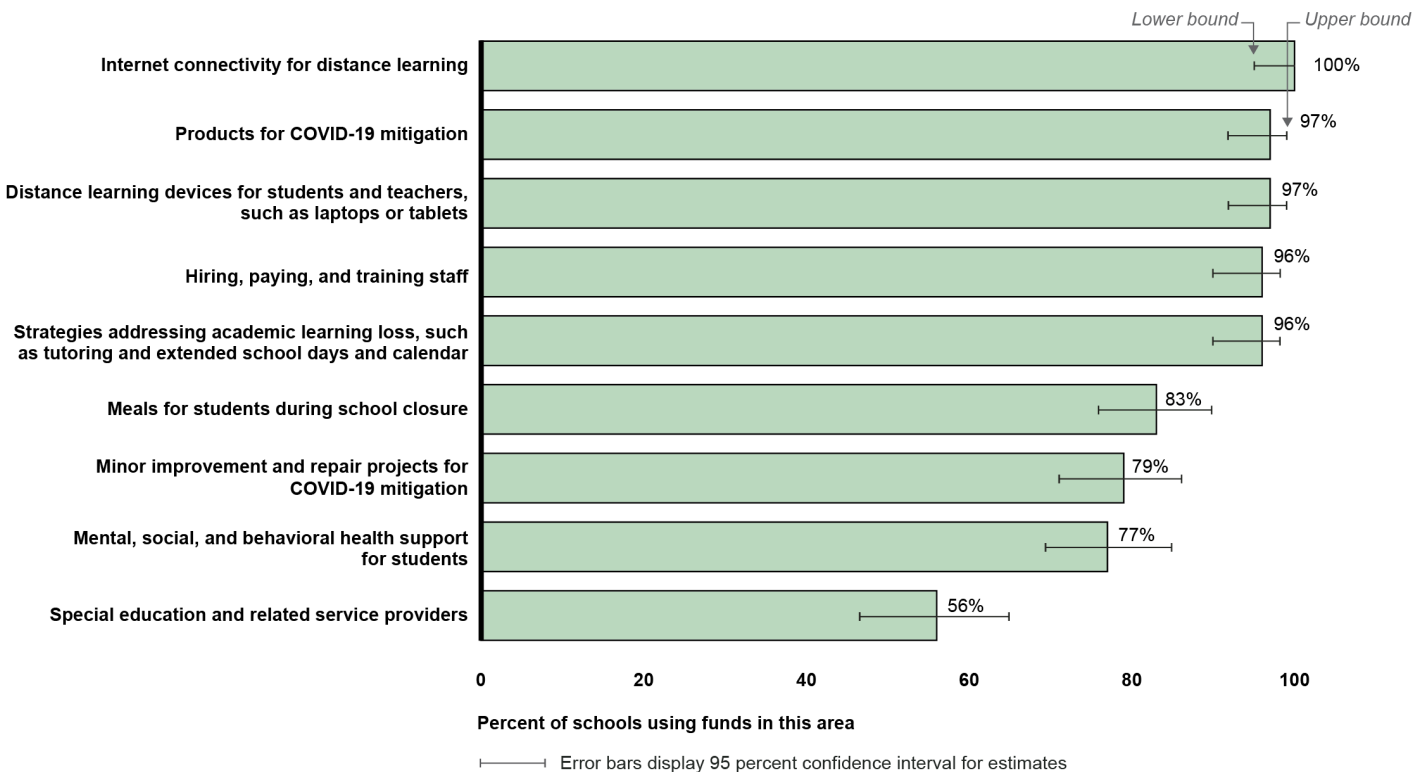
In 2021, BIE established a behavioral health and wellness program for students, which is operated through a contract. The program provides a

variety of services to support students' physical and emotional well-being, including telehealth counseling, a dedicated emotional crisis hotline, and school staff training on areas such as suicide prevention. In June 2023, BIE awarded an additional contract to extend the program's services for 5 years.

### BIE Schools Prioritized Spending for IT, COVID-19 Mitigation, and Learning Supports

According to our generalizable survey, we estimate that nearly all 183 BIE schools focused their COVID spending on similar priorities, which included ensuring internet connectivity and resources for distance learning and providing COVID mitigation products for in-class learning (see fig 3).

**Figure 3: Bureau of Indian Education Schools' COVID Spending Priorities**

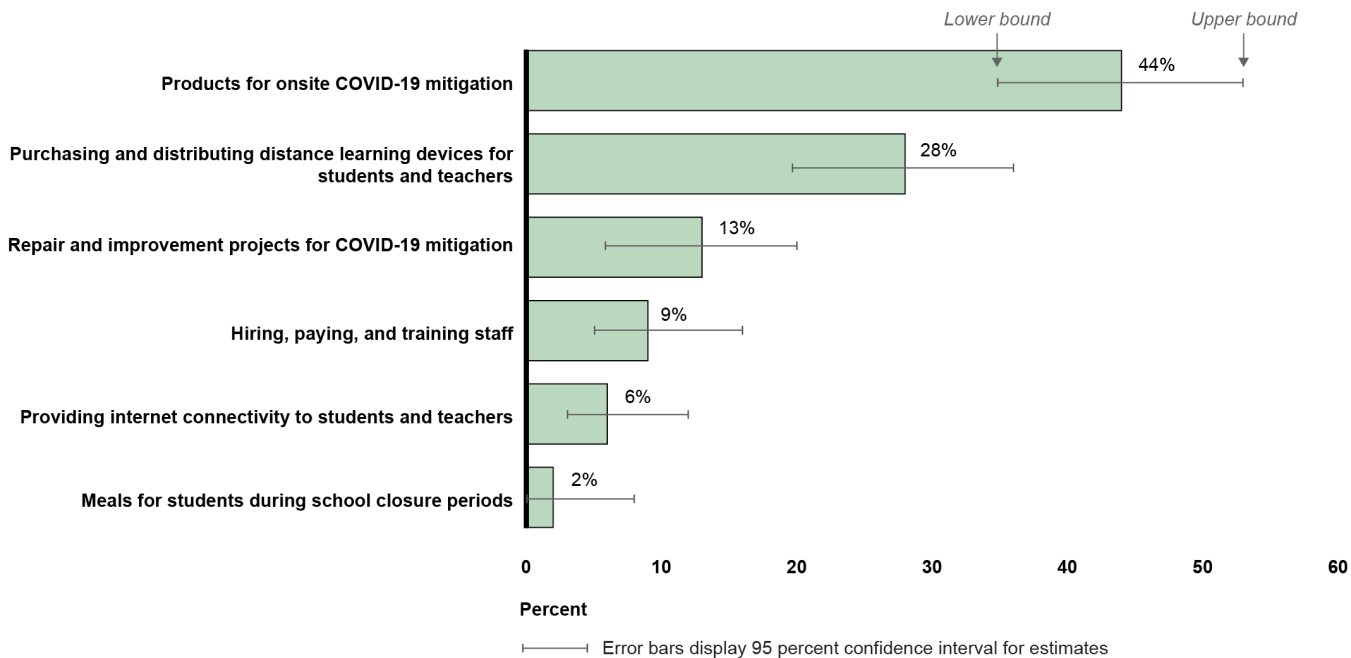


Source: GAO analysis of survey. | GAO-24-105451

Note: Estimates in this figure show the percentage of schools that used COVID funds for certain spending priorities. GAO distributed a survey to a generalizable sample of 85 BIE-funded schools to collect information about how they used federal COVID funds and the extent to which BIE provided guidance and oversight regarding those funds. GAO received 70 responses for an 82 percent response rate. GAO reports the 95 percent confidence intervals for each estimate.

Additionally, our survey asked schools to rank spending categories from the largest to the smallest expense. An estimated 44 percent of schools ranked COVID mitigation products—such as personal protective equipment, COVID tests, cleaning supplies, or social distancing supplies—as their largest expense.<sup>12</sup> An estimated 28 percent of schools ranked purchasing and distributing distance learning devices for students and teachers as their largest expense.<sup>13</sup> An estimated 13 percent ranked school improvement and repair projects for onsite COVID mitigation, such as building ventilation upgrades, as their largest expense (see fig. 4).<sup>14</sup>

**Figure 4: Bureau of Indian Education Schools' Top Spending Categories**



Source: GAO analysis of survey. | GAO-24-105451

Note: Estimates in this figure show the percentage of schools ranking each spending category for COVID funds as the highest. GAO distributed a survey to a generalizable sample of 85 BIE-funded schools to collect information about how they used federal COVID funds and the extent to which BIE provided guidance and oversight regarding those funds. GAO received 70 responses for an 82 percent response rate. GAO reports the 95 percent confidence intervals for each estimate.

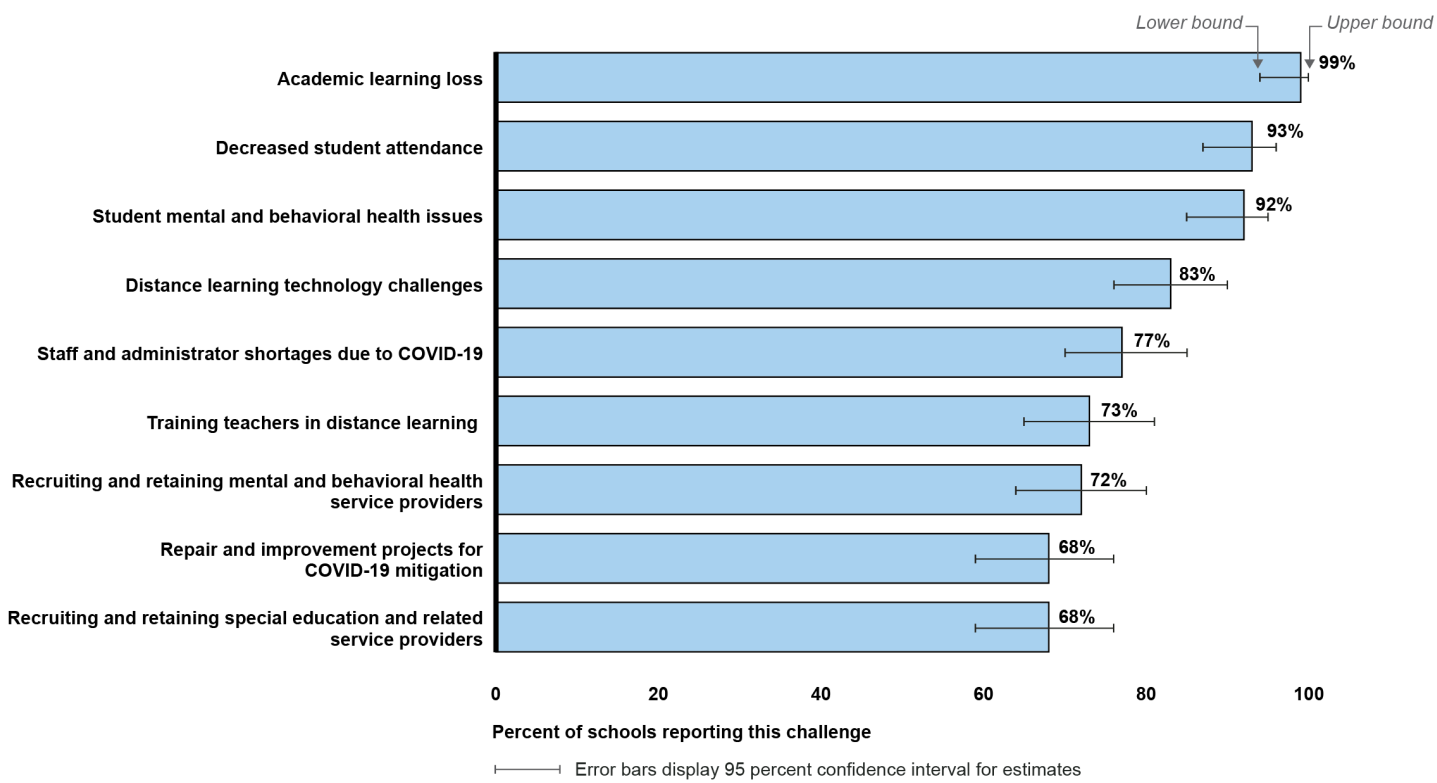
<sup>12</sup>The 95 percent confidence interval for this estimate is (35, 53).

<sup>13</sup>The 95 percent confidence interval for this estimate is (20, 36).

<sup>14</sup>The 95 percent confidence interval for this estimate is (6, 20).

Schools reported that the COVID-19 pandemic caused or increased numerous challenges since March 2020. Some of the key challenges included learning loss, absenteeism, and mental health and behavioral issues (see fig. 5). All schools reported that COVID funds were helpful in their efforts to address those challenges.

**Figure 5: Bureau of Indian Education Schools’ Reported Challenges Caused or Increased by the Pandemic**



Source: GAO analysis of survey. | GAO-24-105451

Note: Estimates in this figure show the percentage of schools that reported certain challenges that were caused or increased by the pandemic. GAO distributed a survey to a generalizable sample of 85 BIE-funded schools to collect information about how they used federal COVID funds and the extent to which BIE provided guidance and oversight regarding those funds. GAO received 70 responses for an 82 percent response rate. GAO reports the 95 percent confidence intervals for each estimate.

We interviewed officials at selected schools we surveyed to obtain additional information about their spending priorities during the pandemic. One school official said that they adjusted their priorities in response to evolving COVID guidance from their Tribes or from the Centers for Disease Control and Prevention. Other officials said they shifted their

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spending priorities as new needs emerged later in the pandemic, such as hiring staff and preparing facilities to reopen for in-person instruction.

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## BIE Offered Regular Guidance and Support to Schools on Spending COVID Funds

Most schools reported on our survey that they received guidance from BIE on their COVID spending that was timely, useful, and clear. For example, an estimated 85 percent of schools reported that BIE clearly communicated guidance or information about using COVID funds.<sup>15</sup> BIE required schools to submit spending plans that described how they would spend their COVID funds in accordance with federal and agency requirements. BIE reviewed and approved these plans before distributing funds to each school. An estimated 71 percent of schools reported that they received guidance from BIE on their spending plans, and nearly all that received guidance said the guidance was timely and useful.<sup>16</sup> For example, many of the school officials we interviewed told us that BIE provided guidance on identifying unallowable fund uses. Officials at one school also told us that BIE officials also reached out periodically to ensure they were on track to meet spending deadlines.

For cases in which BIE reached out to schools with additional information other than guidance on their spending plans, an estimated 93 percent of schools responded that this additional information was timely,<sup>17</sup> and an estimated 91 percent responded that it was useful.<sup>18</sup> Additionally, an estimated 79 percent of schools responded that BIE provided additional information regarding the use of COVID funds through webinars, emails, or the agency's website.<sup>19</sup> This information covered topics such as allowable uses of COVID funds, best practices for spending those funds, and technical assistance to improve compliance with COVID fund requirements.

An estimated 83 percent of schools that contacted BIE with questions reported that BIE responded in a week or less,<sup>20</sup> and about 98 percent said these responses were somewhat or very useful.<sup>21</sup> Additionally, 71

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<sup>15</sup>The 95 percent confidence interval for this estimate is (74, 93).

<sup>16</sup>The 95 percent confidence interval for this estimate is (63, 80).

<sup>17</sup>The 95 percent confidence interval for this estimate is (82, 98).

<sup>18</sup>The 95 percent confidence interval for this estimate is (80, 97).

<sup>19</sup>The 95 percent confidence interval for this estimate is (71, 86).

<sup>20</sup>The 95 percent confidence interval for this estimate is (69, 92).

<sup>21</sup>The 95 percent confidence interval for this estimate is (89, 100).



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percent of schools responded that it was clear which BIE office or official they should contact for questions regarding COVID fund use throughout the pandemic.<sup>22</sup>

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## **BIE's Inconsistent Monitoring of Grantees' Spending and Audit Reports Limited Accountability for COVID Funds**

### **Late Submission of Single Audit Reports Increased between Fiscal Years 2020 and 2021, but BIE Did Not Take Consistent Action**

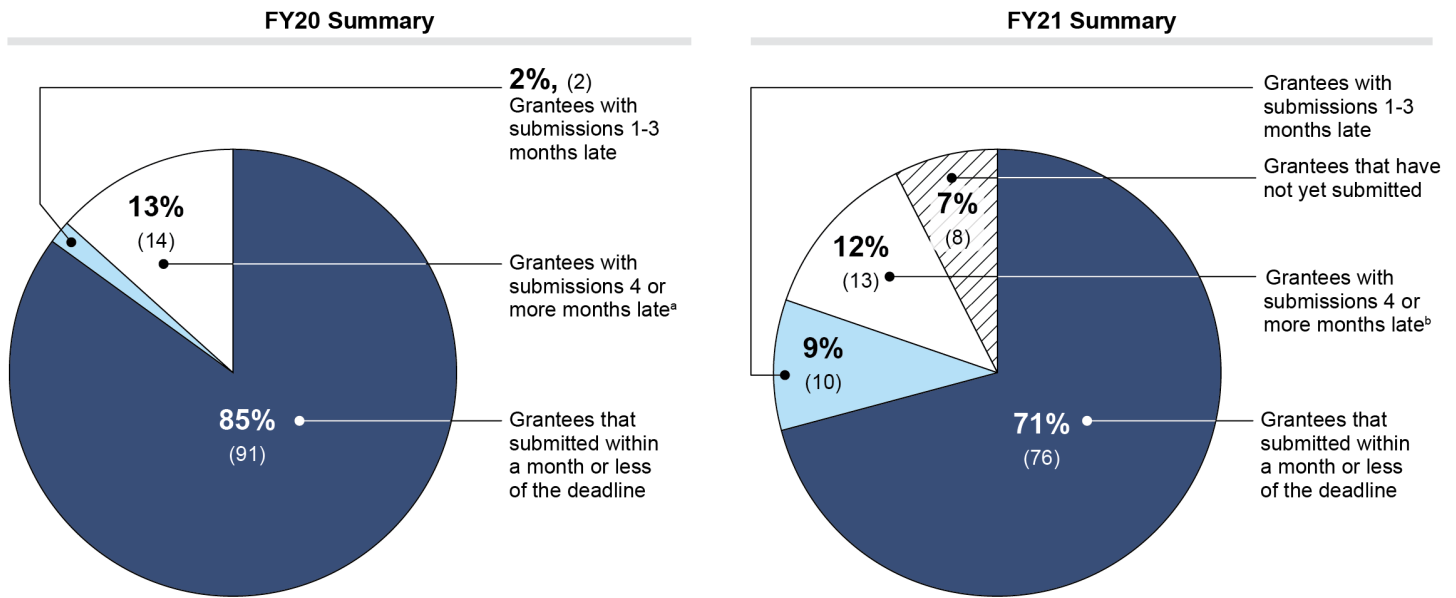
The proportion of tribally controlled schools and tribal grantees that submitted their single audit reports late or not at all increased between fiscal years 2020 and 2021 based on our analysis of submission timeliness.<sup>23</sup> During this time period, BIE provided funds to 123 tribally controlled schools that were required under the Single Audit Act of 1984, as amended, to submit a single audit report or be included in their Tribe's single audit report (see fig. 6).

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<sup>22</sup>The 95 percent confidence interval for this estimate is (63, 80).

<sup>23</sup>Our analysis included 80 schools responsible for submitting their own single audit report and 43 additional schools that are included in 27 Tribes' single audit reports. For the purposes of this report, we refer to school and tribal recipients of BIE funding as grantees.

**Figure 6: Timeliness of Single Audit Reports by Bureau of Indian Education Grantees, Fiscal Years 2020–2021**



Source: GAO analysis of Indian Affairs data. | GAO-24-105451

Note: The late submissions in the graphic account for Office of Management and Budget 6-month extension for grantees with fiscal year end dates between June 30, 2020, and June 30, 2021. Submission status is as of November 2023. GAO’s analysis included 80 schools responsible for submitting their own single audit report and 43 additional schools that are included in 27 tribes’ single audit reports. For the purposes of this report, GAO refers to school and tribal recipients of BIE funding as grantees.

<sup>a</sup>Reports in this category ranged from 4 months to 23 months late.

<sup>b</sup>Reports in this category ranged from 4 months to 12 months late.

We found that almost a sixth of fiscal year 2020 reports and a little over a quarter of fiscal year 2021 reports were late or had not been submitted as of November 2023.<sup>24</sup> BIE officials told us the number of late single audit reports increased due partly to reduced school staffing levels because of COVID infections and because tribal, local, and state orders for

<sup>24</sup>For example, 10 fiscal year 2020 grantees submitted single audit reports between a year to 18 months late.

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pandemic-related lockdowns restricted access to essential services.<sup>25</sup> The Office of Management and Budget provided all federal grantees 6-month extensions for filing single audit reports to address potential disruptions resulting from the pandemic. Our analysis accounted for this temporary provision and illustrates that some grantees submitted late audits despite the extension. In particular, nine grantees had not yet submitted their fiscal year 2021 audits as of November 2023. Timely single audit reports are vital to BIE's continued ability to monitor tribally controlled schools' COVID funds to ensure they are used appropriately to meet schools' and students' ongoing needs stemming from the pandemic.

In addition, we found that BIE did not consistently apply conditions on the funding for grantees that did not submit timely single audit reports in accordance with Indian Affairs' policy. The Single Audit Act of 1984, as amended, and associated regulations<sup>26</sup> authorize awarding agencies to apply conditions on funding when grantees submit late single audit reports or none at all.<sup>27</sup> Additionally, Indian Affairs' policy includes detailed procedures for agency staff to follow when applying such conditions on a grantee's funding when a single audit report is not submitted. In particular, the policy states that responsible staff should impose such conditions no later than 45 days after a grantee's single audit report due date.<sup>28</sup> For example, after one school did not submit its fiscal year 2021 single audit report by the due date, BIE took action within 45 days and changed its payments to the school from a single lumpsum

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<sup>25</sup>In addition, in October 2021, we reported that COVID-19 disproportionately impacted Tribes and their members, with increased hospitalizations and deaths. We also reported in December 2022 that tribal offices were closed for long periods of time and severely short-staffed because of COVID-19 illnesses, according to some agency officials. See GAO, *COVID-19: Lessons Learned from Interior and Treasury's Administration of CARES Act Funds Could Improve Federal Emergency Relief to Tribes*, [GAO-22-104349](#) (Washington, D.C.: Oct. 29, 2021) and GAO, *COVID-19 Relief Funds: Lessons Learned Could Improve Future Distribution of Federal Emergency Relief to Tribal Recipients*, [GAO-23-105473](#) (Washington, D.C.: Dec. 15, 2022).

<sup>26</sup>2 C.F.R. § 200.339.

<sup>27</sup>Department of the Interior, *Indian Affairs Single Audit Report Handbook*, 5 IAM 2-H (Reston, VA: Oct. 28, 2021).

<sup>28</sup>According to the Indian Affairs Single Audit Report Handbook, the initial condition for noncompliance is restricting the payment of funds, including contract support costs, to the grantee on a monthly rather than an annual basis. The handbook further states that, for continued noncompliance, the agency should increase conditions on the grantee by withholding all contract support funds until the grantee has submitted the required single audit report.

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to monthly installments, as specified by Indian Affairs' standard procedures.

However, of the 15 grantees that did not submit a timely single audit report for fiscal year 2020, we found that BIE did not apply or increase financial conditions on eight of the grantees.<sup>29</sup> Of the 28 grantees that did not submit a timely single audit report for fiscal year 2021, BIE did not apply or increase conditions on 19 grantees.<sup>30</sup> We asked BIE officials why they did not consistently follow standard procedures for applying conditions on funding to grantees who submitted late reports or none at all, but the officials did not provide an explanation.

Indian Affairs' single audit policy states that agency leadership is responsible for ensuring that their awarding officers take appropriate action when an audit has not been submitted within the prescribed time frame.<sup>31</sup> The BIE office responsible for assessing report timeliness and applying conditions on schools' funding reported that it informed senior leadership about the status of the conditions it had applied to certain grantees' funding. However, BIE did not provide evidence that leadership took steps to ensure that staff consistently followed Indian Affairs' standard procedures. In addition, BIE leadership has not established controls to ensure that staff consistently follow standard procedures when grantees do not submit timely reports. Federal standards for internal control require that managers develop controls to ensure agencies achieve their objectives and respond to risks.<sup>32</sup> BIE officials said single audit reports are an important source of information on grantees' finances. By not consistently following standard procedures to hold grantees accountable for submitting single audit reports as required by law, BIE's ability to oversee grantees' finances is significantly limited and the risk of grantees mismanaging federal funds is increased.

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<sup>29</sup>For the remaining seven grantees that did not submit a timely single audit report, we determined that BIE appropriately restricted payments to monthly installments or withheld contract support funds in accordance with Indian Affairs' standard procedures.

<sup>30</sup>For the remaining nine grantees that did not submit a timely single audit report, we determined that BIE appropriately restricted payments to monthly installments or withheld contract support funds, in accordance with Indian Affairs' standard procedures.

<sup>31</sup>Department of the Interior, *Indian Affairs Manual 5 IAM 2: Single Audits*. (Reston, VA: Sept. 30, 2019).

<sup>32</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

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## BIE's Insufficient Oversight Limited Accountability for COVID Funds at High- Risk Schools

We found that BIE did not conduct sufficient oversight of the use of COVID funds among the schools it selected for annual high-risk fiscal monitoring during the pandemic. In school years 2020-21 and 2021-22, BIE monitored 10 schools it designated as at high risk of financial mismanagement (five schools per year) and subsequently provided the schools with monitoring reports. However, our review of the 10 reports found that eight did not contain information about whether schools complied with the allowable uses BIE established for COVID funds. Of the two reports that did provide COVID spending information, one stated that the school had met COVID fund requirements. The other report included information about the school's use of CARES Act funds, but not other COVID funding sources, including the Consolidated Appropriations Act, 2021, or the American Rescue Plan Act of 2021. BIE officials told us that staff reviewed the uses of COVID funds at all 10 schools but did not provide documentation of their reviews when we requested them.

Unlike the COVID funding information, all 10 school monitoring reports included standard information on schools' compliance with requirements for other funding sources, regardless of whether there were audit findings related to these funds.<sup>33</sup> For example, all 10 reports showed whether schools complied with a requirement for funds they received under the Elementary and Secondary Education Act of 1965, as amended, for supporting professional development for teachers and principals. This included three reports that showed BIE had no monitoring findings related to this requirement. Similar information about schools' compliance with COVID funding requirements was not included in most monitoring reports.

We also asked BIE officials to provide documentation that the agency's monitoring teams were directed to review schools' use of COVID funds or required to document the results of their reviews, but BIE did not provide documentation of any such requirements or related controls. BIE's policy requires that the agency monitor and assist schools in maintaining strong financial management and accountability for federal funds, including COVID funds. In addition, federal standards for internal control require that managers develop controls to ensure agencies achieve their objectives and respond to risks.<sup>34</sup> BIE funds from the American Rescue Plan Act of 2021—the largest sources of COVID funds for BIE schools—

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<sup>33</sup>Other federal funds included programs authorized under the Individuals with Disabilities Education Act, the Indian School Equalization Program, and the Elementary and Secondary Education Act of 1965, as amended.

<sup>34</sup>[GAO-14-704G](#).

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remain available until expended, and some schools may continue to spend these funds. BIE's monitoring reports are intended to provide schools at high risk of financial mismanagement with important information about how to comply with federal funding requirements and address weaknesses, according to agency officials.<sup>35</sup> As a result, unless BIE's monitoring teams are examining high-risk schools' use of these funds, documenting the results, and reporting to high-risk schools about their compliance with allowable uses for COVID funds, schools may not have the information they need to use their remaining COVID funds appropriately.

We also found that BIE did not conduct all required monitoring of high-risk schools because it lacked sufficient staff to do so according to agency officials. BIE's policy requires that it identify a sample of 20 percent of BIE schools (about 37 of 183 schools) for fiscal and programmatic monitoring based on a variety of high-risk indicators such as the amount of federal funding a school received and whether the school submitted an annual single audit report if required.<sup>36</sup> Of this sample, BIE is required to conduct on-site monitoring for at least 15 schools and desk reviews of financial documentation—including the school budget, financial policy manual, and recent single audit reports, among other documents—for the remaining schools (about 22).<sup>37</sup>

Agency documents show, however, that the agency monitored less than 3 percent of all BIE schools in school years 2020–2021 and 2021–2022 (five schools per year), and agency officials confirmed that staff did not conduct desk reviews at any schools during this period.<sup>38</sup> BIE officials said the agency needed to reduce the number of schools to be monitored because of challenges with conducting on-site monitoring visits during the

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<sup>35</sup>Indian Affairs Manual, *BIE High Risk Fiscal Oversight Policy*, Part 30, Chapter 19 (Washington, D.C.: May 2, 2018).

<sup>36</sup>Indian Affairs Manual, *BIE High Risk Fiscal Oversight Policy*, Part 30, Chapter 19 (Washington, D.C.: May 2, 2018).

<sup>37</sup>According to BIE documentation, agency monitoring teams are responsible for conducting desk reviews of schools' financial documentation remotely.

<sup>38</sup>A BIE official told us that the agency selected six schools but monitored only five in each school year between 2020 and 2022 because two schools could not participate in monitoring as the result of COVID-related disruptions. They indicated these two schools were monitored in 2022–2023.

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pandemic and not having enough staff capacity.<sup>39</sup> The officials added that BIE would make the smaller sample school size permanent because of continued challenges with staff capacity and the need to devote more staff time to providing previously monitored schools with support and technical assistance to address deficiencies.

We have previously found that key management strategies help agencies better manage their workforce. These strategies include aligning the human capital program with the agency's current and emerging goals and developing long-term strategies for acquiring, developing, and retaining staff to achieve those goals.<sup>40</sup>

BIE has struggled with filling staff shortages over the past decade. In 2019, BIE established a strategic workforce plan in response to our prior recommendation that it conduct workforce planning to ensure an adequate number of staff to effectively oversee school expenditures.<sup>41</sup> In April 2023, we found that BIE had made progress in filling positions but needed to address continued vacancies, especially in its division responsible for supporting and overseeing schools.<sup>42</sup> BIE's workforce plan—which expired in 2022—does not address the agency's current staffing needs for monitoring high-risk schools. Without additional workforce planning, BIE may continue to have insufficient staff capacity to conduct the monitoring required by its policy. As a result, some schools the agency designates at a high risk of financial mismanagement may not receive the oversight they require to ensure they use COVID funds appropriately.

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<sup>39</sup>Agency officials told us that BIE conducted all monitoring during this period remotely to mitigate against the spread of COVID-19.

<sup>40</sup>GAO, *Federal Workforce: Key Talent Management Strategies for Agencies to Better Meet Their Missions*, [GAO-19-181](#) (Washington, D.C.: Mar. 28, 2019).

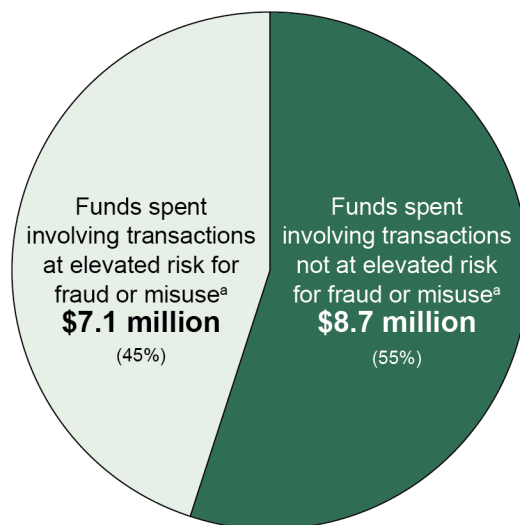
<sup>41</sup>GAO, *Indian Affairs: Bureau of Indian Education Needs to Improve Oversight of School Spending*. [GAO-15-121](#) (Washington, D.C.: Nov. 13, 2014). BIE's workforce plan identifies a variety of strategies available to the agency to address vacancies, including student loan repayment, cash recruitment and retention incentives, and the streamlined onboarding of new hires.

<sup>42</sup>[GAO-23-106203](#).

Interior Data Show Nearly Half of Schools' COVID Spending with Purchase Cards Involved Transactions at Elevated Risk, but BIE Did Not Complete Required Monitoring

Of the roughly \$16 million in COVID funds spent by BIE-operated schools' purchase card holders from March 2020 through August 2022, transactions with an elevated risk accounted for about \$7 million (see fig. 7). These elevated risk transactions comprise about 25 percent of all school COVID fund transactions (2,404 of 9,448 transactions) during this time period according to our analysis of Interior data.

**Figure 7: Bureau of Indian Education Schools' Purchase Card Spending with COVID Funds, March 2020–August 2022**



Source: GAO analysis of Interior data. | GAO-24-105451

Note: Dollar values are rounded to the nearest \$100,000.

<sup>a</sup>Transactions at an elevated risk for fraud or misuse are transactions identified by one or more risk indicators based on GAO's analysis of Interior's purchase card transaction data.

Interior's system for monitoring purchase card activity, called IntelliLink, includes risk indicators to identify transactions that are at an elevated risk of fraud or misuse, such as those used to purchase gift cards.<sup>43</sup> Using Interior's data, we examined BIE school purchase card transactions using

<sup>43</sup>IntelliLink is a software application that helps government agencies and other entities monitor and manage their purchase card programs. Specifically, IntelliLink helps to ensure that card use conforms to their policies and procedures and to identify instances of card fraud or misuse. IntelliLink uses tools such as automated risk indicators, sampling, and risk scoring to identify elevated risk transactions.



COVID funds that IntelliLink identified as elevated risk across a variety of indicators (see fig. 8).

**Figure 8: Examples of Purchase Card Transactions with COVID Funds That Were at Risk of Fraud or Misuse by Bureau of Indian Education–Operated Schools, March 2020–August 2022**

RISK INDICATOR	MERCHANT TYPE	AMOUNT	DATE
Construction services over \$2,000	General contractors - residential and commercial	\$9,997	8/25/2022
Split purchase by merchant	Miscellaneous and specialty retail store	\$9,996	10/26/2021
		\$9,996	10/26/2021
Services over \$2,500	Landscaping and horticultural services	\$3,500	10/14/2021
Third party payment processor (PayPal, Venmo)	Commercial photography, art, and graphics	\$9,966	12/1/2021
Activity in closed or suspended account	Online retailer	\$2,012	10/25/2021
Gift card	Electronics store	\$1,944	4/27/2021

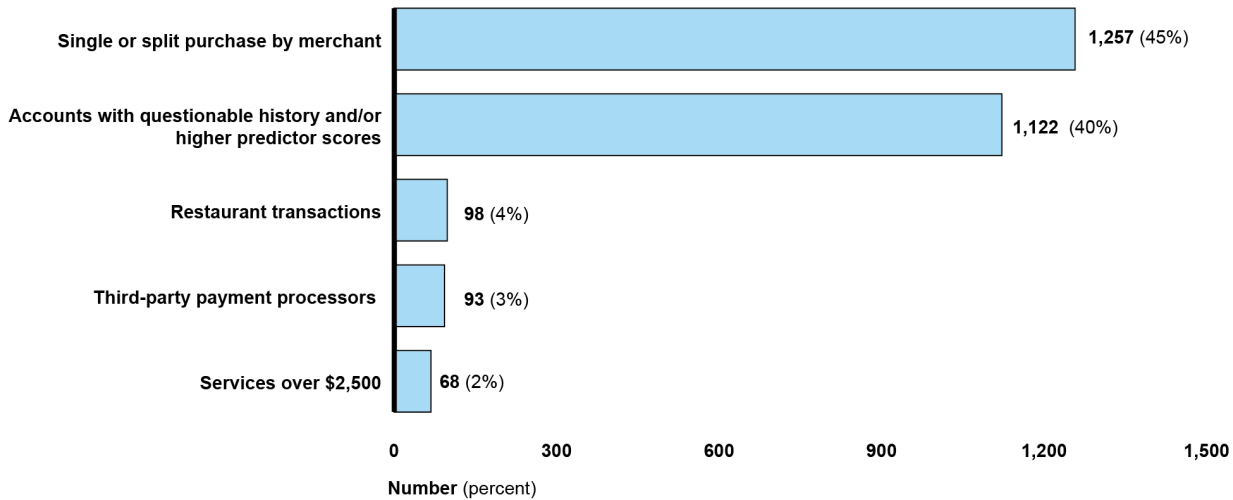
Source: GAO analysis of Department of Interior data; GAO (images). | GAO-24-105451

The most prevalent risk indicator type was for split purchases, which are not allowed by departmental policy (see fig. 9).<sup>44</sup> This occurs when one or more cardholders make multiple purchases at the same merchant within a certain number of days that total more than the single purchase limit of \$10,000.<sup>45</sup>

<sup>44</sup>Of the 2,404 transactions that IntelliLink identified as elevated risks, 2,054 (22 percent of all transactions) were elevated risks by one indicator, 330 (3 percent of all transactions) were elevated risks by two indicators, and 20 (less than 1 percent of all transactions) were elevated risks by three or more indicators.

<sup>45</sup>Between March 13, 2020, and July 1, 2020, the single transaction limit for purchase card spending was raised from \$10,000 to \$20,000 for purchases directly related to the COVID response. This applied to one transaction in our data that received the risk indicator identifying transactions greater than \$10,000. However, Interior officials told us that BIE must still review all transactions that exceeded the \$10,000 threshold during the time frame to determine whether they complied with COVID spending requirements. BIE did not provide a response when we asked if they reviewed this transaction, among others. Because BIE did not provide evidence that they reviewed this transaction, we counted it as an elevated risk.

**Figure 9: Top Five Risk Indicators for Purchase Card Transactions with COVID Funds by Bureau of Indian Education–Operated Schools, March 2020–August 2022**



Source: GAO analysis of Department of the Interior data. | GAO-24-105451

Note: Percentages represent the share of transactions receiving a single risk indicator out of the total number of transactions that received risk indicators. Transactions that involve accounts with questionable history or a higher predictor score are associated with a higher risk of fraud or misuse.

We also found that BIE staff, who have primary responsibility for overseeing schools’ purchase card transactions, have not fully complied with departmental and agency procedures or completed all required monitoring of BIE school purchase activity, including the use of COVID funds.<sup>46</sup> Interior and Indian Affairs policies require staff responsible for monitoring department purchase cards to use IntelliLink.<sup>47</sup> Specifically, the Indian Affairs’ purchase card policy covering BIE cards states that BIE staff are to use IntelliLink as the primary means to monitor transactions,

<sup>46</sup>Interior refers to these staff as Agency/Organization Program Coordinators.

<sup>47</sup>Specifically, Interior’s purchase card program policy requires staff to use IntelliLink’s analytics, risk indicator rules, reports, and case management to identify, flag, and review suspicious transactions; create cases as appropriate; track responses and corrective actions; and record them in IntelliLink for auditor review. See Department of the Interior, *Purchase Card Program Policy*, Section 2-J (June 25, 2021).

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create cases, and investigate questionable activity with BIE-associated purchase cards.<sup>48</sup>

However, prior to April 2023, BIE staff told us they did not use IntelliLink to monitor purchase card purchases as required by policy. Rather, they said they used another Interior system normally intended for budget management.<sup>49</sup> In particular, BIE staff said they used this system to conduct monthly spot checks for unusual purchase card activity. However, according to BIE officials, the samples were drawn manually from the budget management system, and no written criteria existed for their selection. Interior's charge card program officials also told us the budget system is not designed or appropriate for purchase card monitoring. Further, BIE could not provide us with evidence they used this budget system or others to review any of the transactions IntelliLink identified as elevated risk between March 2020 and August 2022. BIE officials initially told us staff were not able to use IntelliLink because sufficient training to use the system was not available. However, officials with Interior's charge card office said sufficient training on the system was available to BIE personnel.

After we discussed our preliminary findings with agency officials in April 2023, relevant BIE staff began complying with some but not all Indian Affairs' requirements for using IntelliLink to monitor purchase card transactions. For example, in response to our request for evidence of IntelliLink use, BIE provided documentation that staff used IntelliLink's risk indicator tool in October 2023 to identify elevated risk transactions, such as transactions used to purchase a gift card. However, the agency has not provided us with requested documentation that staff have completed other IntelliLink requirements, such as using its sampling module to select a monthly random sample of transactions for risk monitoring. In addition, BIE and BIA managers have not established controls to ensure that relevant staff are complying with all purchase card monitoring requirements. Federal standards for internal control require that managers develop controls to ensure agencies achieve their

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<sup>48</sup>The Indian Affairs Purchase Card Program Standard Operating Procedure requires BIE staff to conduct and document monthly random sampling in IntelliLink based on declined transactions and potential split purchases, run risk indicator rules for declined transactions and split purchases, randomly sample 10 additional transactions per month, and run mandatory Interior risk indicator rules monthly.

<sup>49</sup>The budget management system they use is the Financial and Business Management System (FBMS).

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objectives and respond to risks.<sup>50</sup> By not consistently using IntelliLink to monitor schools' purchase card transactions, BIE is unable to collect the complete information it needs to monitor transactions that are at an elevated risk for fraud or misuse and to ensure that schools are spending COVID funds appropriately.

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## Conclusions

Schools nationwide are facing ongoing effects from the COVID-19 pandemic, including student learning loss and a decline in children's social and emotional health. The pandemic has taken an especially heavy toll on American Indian communities, and its effects are likely to be more acute for students at BIE schools. To address these challenges, BIE provided schools with more than \$900 million of the COVID funds appropriated to the agency, and schools can continue to spend funds provided under the American Rescue Plan Act of 2021 until they are expended.

BIE has a responsibility to provide schools with the guidance and oversight needed to ensure these funds are used for the purposes intended in the statutes. During the pandemic, BIE took steps to provide schools with regular guidance and support on spending their COVID funds, and schools generally reported that BIE's assistance was timely and useful. However, gaps in BIE's fiscal monitoring limit its ability to ensure that COVID funds are used for their intended purposes. Stronger oversight of these funds is needed—including establishing controls to ensure accountability for schools' timely submission of single audit reports, consistent monitoring of high-risk schools and expanded monitoring capacity, and oversight of schools' purchase card transactions. These steps will help BIE ensure schools use remaining COVID funds appropriately to provide students with the support they need to overcome the effects of the pandemic.

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## Recommendations for Executive Action

We are making the following four recommendations to BIE:

The Director of BIE should establish controls to ensure that staff consistently follow agency standard procedures when schools and other BIE grantees do not submit timely single audit reports. (Recommendation 1)

The Director of BIE should establish controls to ensure staff document their monitoring of high-risk schools' COVID spending and consistently

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<sup>50</sup>[GAO-14-704G](#).

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report whether schools followed agency requirements for using these funds. (Recommendation 2)

The Director of BIE should update its strategic workforce plan to build its capacity to conduct all annual fiscal reviews of schools that are designated as high risk, as required by its policy. (Recommendation 3)

The Director of BIE should work with BIA to establish controls to ensure that BIE staff responsible for monitoring purchase card activity at BIE-operated schools consistently use Interior's required monitoring tool and procedures. (Recommendation 4)

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## Agency Comments

We provided a draft of this report to Interior for review and comment. In its formal comments, which are reproduced in appendix II, Interior concurred with all four of our recommendations and described actions BIE has begun taking, or plans to take, to address them. For example, Interior stated that BIE began taking steps to address our second recommendation on monitoring of high-risk schools COVID spending in late 2023, after we met with agency officials to discuss our preliminary findings and recommendations. We subsequently followed up with BIE to learn more about its efforts and are encouraged by these initial steps, such as updating of the school monitoring checklist and initiating the process to revise the monitoring handbook to reflect COVID spending. BIE officials said they plan to take additional steps—such as informing staff of these changes and reporting to schools the results of monitoring COVID spending—and they anticipate implementing the recommendation by August 2024. We will continue to monitor BIE's actions to address this recommendation, as well as the other three. Interior also provided technical comments on our draft report, which we incorporated as appropriate.

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We are sending copies of this report to the appropriate congressional addressees, the Secretary of the Interior, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

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If you or your staff have any questions about this report, please contact me at (617) 788-0534 or [emreyarrasm@gao.gov](mailto:emreyarrasm@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

A handwritten signature in black ink that reads "Melissa Emrey-Arras". The signature is written in a cursive, flowing style.

Melissa Emrey-Arras  
Director, Education, Workforce, and Income Security Issues

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*List of Addressees*

The Honorable Patty Murray  
Chair  
The Honorable Susan Collins  
Vice Chair  
Committee on Appropriations  
United States Senate

The Honorable Ron Wyden  
Chairman  
The Honorable Mike Crapo  
Ranking Member  
Committee on Finance  
United States Senate

The Honorable Bernard Sanders  
Chair  
The Honorable Bill Cassidy, M.D.  
Ranking Member  
Committee on Health, Education, Labor and Pensions  
United States Senate

The Honorable Gary C. Peters  
Chairman  
The Honorable Rand Paul, M.D.  
Ranking Member  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable Kay Granger  
Chairwoman  
The Honorable Rosa L. DeLauro  
Ranking Member  
Committee on Appropriations  
House of Representatives

The Honorable Virginia Foxx  
Chairwoman  
The Honorable Bobby Scott  
Ranking Member  
Committee on Education and the Workforce.  
House of Representatives

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The Honorable Cathy McMorris Rodgers  
Chair

The Honorable Frank Pallone, Jr.  
Ranking Member  
Committee on Energy and Commerce  
House of Representatives

The Honorable Mark E. Green, M.D.  
Chairman  
The Honorable Bennie G. Thompson  
Ranking Member  
Committee on Homeland Security  
House of Representatives

The Honorable Raúl M. Grijalva  
Ranking Member  
Committee on Natural Resources  
House of Representatives

The Honorable James Comer  
Chairman  
The Honorable Jamie Raskin  
Ranking Member  
Committee on Oversight and Accountability  
House of Representatives

The Honorable Jason Smith  
Chairman  
The Honorable Richard Neal  
Ranking Member  
Committee on Ways and Means  
House of Representatives



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# Appendix I: Objectives, Scope, and Methodology

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Our report examines (1) how the Bureau of Indian Education (BIE) and the schools it supports used their COVID-19 relief funds to respond to the pandemic, (2) the extent to which BIE provided its schools with guidance and support on spending COVID funds, and (3) the extent to which BIE oversaw schools' COVID funds use.

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## Analysis of Schools' COVID Fund Use and Schools' Views on BIE Guidance and Support

To collect information about how BIE schools used federal COVID funds and the extent to which BIE provided guidance and oversight regarding those funds, we distributed a web survey in the fall of 2022 to a sample of BIE schools. Survey questions included topics such as

- areas in which BIE schools spent COVID funds,
- the challenges schools faced during the pandemic,
- the usefulness and timeliness of BIE's communication with schools, and
- BIE's responsiveness to schools' questions about COVID funds.

To develop our questionnaire, we reviewed BIE's documentation of allowable uses for COVID funds as well as relevant agency policies and guidance. We shared a copy of our draft questionnaire with BIE officials and incorporated their comments as appropriate.

We surveyed a statistical sample of 85 schools selected from the population of 173 BIE-operated schools and tribally controlled schools.<sup>1</sup> We designed our initial sample size to have a margin of error no greater than plus or minus 10 percentage points at the 95 percent confidence level for an attribute measure. We then inflated this for an assumed survey response rate of 70 percent to arrive at our final sample size. We used logistic regression models on our survey data to look for correlation with the propensity to respond among available administrative variables. We did not find anything and used the standard nonresponse weight adjustment for a simple random sample. We received a response rate of 82 percent. We followed up with schools to increase our survey response.

Because we followed a probability procedure based on random selections, our sample is one of a large number of samples that we might have drawn. Since each sample could have provided different estimates, we express our confidence in the precision of our particular sample's

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<sup>1</sup>We excluded from our population BIE-funded dormitories that do not provide instruction as well as two schools whose operation was transferred from Tribes to BIE.

results at a 95 percent confidence interval (for example, plus or minus 8 percentage points). This is the interval that would contain the actual population value for 95 percent of the samples we could have drawn. Confidence intervals are provided with each sample estimate in the report. All survey results presented in the body of this report are generalizable to the population of BIE-operated and tribally operated schools.

Prior to fielding our survey, we pretested it with four schools that were not included in the statistical sample. We selected schools for pretesting to include variation in their operating status (tribally controlled versus BIE operated), geographic location, enrollment sizes, and whether they had boarding facilities. Pretested schools provided feedback on the wording of our questions and their comprehensiveness, and in some cases, explained how they would answer specific questions. The schools also explained how long it would take to complete the survey and which staff they would need to help complete it.

We followed up with eight additional schools after surveying them for in-depth explanations of their responses. We conducted follow-up interviews with the eight respondents for non-generalizable, illustrative information on their responses. We selected the schools to interview based on their responses to survey questions, particularly their experience working with BIE and how they used COVID funds. We also selected schools based on a variety of other factors, such as their operating status (tribally controlled or BIE operated), location, and school size. We used these criteria to ensure diverse viewpoints from schools.

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## Analysis of BIE's Oversight of Tribally Controlled Schools' Single Audit Report Submissions

To examine the extent to which BIE oversaw tribally controlled schools' use of federal COVID funds, we analyzed their single audit report submissions for fiscal years 2020 and 2021. We used the Federal Audit Clearinghouse (FAC) single audit online search tool to identify school and

tribal single audit reports.<sup>2</sup> In particular, we checked the FAC website frequently for new single audit report submissions during our review. For schools that did not publicly disclose their audit reports on the FAC website, we contacted Indian Affairs' Division of Internal Evaluation and Assessment, which sent us the available reports.<sup>3</sup> We assessed the reliability of FAC data by reviewing system documentation and determined the data to be reliable for analyzing single audit report submission dates.

We analyzed the submission status and findings of fiscal year 2020 and 2021 single audit reports for 107 schools and tribal grantees. Our analysis covered the 123 tribally controlled schools that BIE funded and that were required to submit their own report or be included in a Tribe's report. Of this number, 80 schools submitted their own reports, and 43 schools were included in a Tribe's report.<sup>4</sup> We excluded schools that were reassumed by BIE during our study period and dormitories that do not provide instruction.<sup>5</sup>

We used the single audit reports and submission information on the FAC website to analyze

- the number of single audit reports that were submitted late;
- the number of single audit reports that were not submitted during our analysis period;
- the number of findings, if any, in each single audit report that were related to COVID funds; and

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<sup>2</sup>The FAC serves as the central collection point and repository for single audit reporting packages prepared and submitted for non-federal entities, such as states, local governments, nonprofit organizations, Indian tribes and tribal organizations, and institutions of higher education that expend \$750,000 or more in federal awards during their fiscal periods. In October 2023, responsibility for maintaining the FAC shifted from the U.S. Census Bureau to the General Services Administration. We determined that all data elements we assessed from the FAC were sufficiently reliable for the purposes of this report by reviewing FAC and related U.S. Census Bureau documentation.

<sup>3</sup>2 C.F.R. § 200.512(b)(2) states that an auditee that is an Indian Tribe or a tribal organization may opt not to authorize the FAC to make the reporting package publicly available.

<sup>4</sup>For the purposes of this report, we refer to school and tribal recipients of BIE funding as grantees.

<sup>5</sup>If a grantee does not submit a single audit report for 3 years, BIE may reassume control of the school's finances under BIE's own financial management.

- the timeliness and appropriateness of conditions applied to a grantee’s funding when they did not submit a single audit report, as outlined in the Indian Affairs Single Audit Report Handbook.<sup>6</sup>

To analyze the timeliness of grantees’ single audit report submissions and BIE’s application of conditions on their funding, we compared the single audit report submission and filing due dates for each grantee. Single audit reports were late if they were submitted more than 9 months after their fiscal year end in accordance with the Indian Affairs Single Audit Report Handbook. For grantees with fiscal years ending from June 30, 2020, to June 30, 2021, we accounted for the 6-month deadline extensions granted by the Office of Management and Budget (OMB).<sup>7</sup> We considered reports to be late if they were submitted no later than 15 months after the grantee’s fiscal year end. To analyze BIE’s timeliness in applying conditions on schools’ funding, we collected letters BIE sent grantees notifying them that conditions were being applied. We used the dates listed on BIE’s letters to determine when BIE applied the conditions. We then compared this information to our data on single audit report submission timeliness to determine whether BIE appropriately applied the conditions or increased the conditions in accordance with Indian Affairs’ policy.

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### Analysis of BIE-Operated Schools’ Purchase Card Transactions Using COVID Funds

To examine the extent to which BIE oversaw BIE-operated schools’ use of COVID funds through purchase cards issued by the Department of the Interior (Interior), we analyzed schools’ purchase card transaction data from two sources: the Financial and Business Management System (FBMS) and the Visa IntelliLink Compliance Management System (IntelliLink).<sup>8</sup> We defined the scope of our data request as all transactions for all BIE purchase and student activity cards between January 1, 2020,

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<sup>6</sup>Department of the Interior, *Indian Affairs Single Audit Handbook* 5IAM2-H, Chapter 3.2 (Reston, VA: Oct. 28, 2021).

<sup>7</sup>See OMB M-20-26, *Extension of Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19) Due to Loss of Operations* (June 18, 2020); OMB M-20-21, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)* (Apr. 10, 2020); and OMB M-21-20, *Promoting Public Trust in the Federal Government through Effective Implementation of the American Rescue Plan Act and Stewardship of the Taxpayer Resources* (Mar. 19, 2021).

<sup>8</sup>IntelliLink is a software application that helps government agencies and other entities monitor and manage their charge card programs. Specifically, IntelliLink helps to ensure that card use conforms to their policies and procedures and to identify instances of card fraud or misuse. IntelliLink uses tools such as automated risk indicators, sampling, and risk scoring to identify elevated risk transactions.

and August 31, 2022. We then merged transaction data from FBMS and IntelliLink to create a dataset containing both sets of variables. The dataset included all transactions for all purchase cards used at any time in this time frame, including cards that were closed. For the findings in our analysis, we only used data from March 1, 2020 to August 31, 2022, since March was the first month when COVID fund transactions appear in the dataset.

Before we merged the FMBS and IntelliLink datasets, we conducted data reliability checks for erroneous or missing entries, differences in variable names, duplicate IDs, and incorrect allocation of dollar amounts. We also conferred with agency and Visa officials and reviewed data system documentation for both FBMS and IntelliLink. We determined the data to be reliable for analyzing purchase card transaction amounts and IntelliLink's monitoring information. We then created several categorical variables to support our analysis of the dataset. For example, we created a categorical variable for COVID funds, such as those authorized by the CARES Act and American Rescue Plan Act of 2021, based on fund transaction codes from the FBMS data. In addition, we created a new transaction cost variable that separated transactions used with both COVID funds and non-COVID funds to ensure that our analysis included transaction amounts from only COVID fund sources. Finally, we created a variable that counted the number of IntelliLink risk indicators that a transaction received.<sup>9</sup>

We analyzed purchase card transaction data from BIE to find the total amounts of transactions spent by BIE schools, BIE schools using COVID funds, and schools using COVID funds that received at least one risk indicator. We also counted the number of transactions that received one, two, and three or more risk indicators as well as the number of times each risk indicator was received by transactions. Between March 13, 2020, and July 1, 2020, the single transaction limit for purchase card spending was raised from \$10,000 to \$20,000 for purchases directly related to the COVID response. This applied to one transaction in our data that received the risk indicator identifying transactions greater than \$10,000. However, because BIE must review eligible transactions to determine whether they complied with COVID spending requirements, we determined this transaction was still considered an elevated risk and did not remove it from our analysis. Finally, we counted the number of cases in the dataset and reviewed the associated transactions. For illustrative

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<sup>9</sup>Interior uses the term "IntelliLink rules for internal control" instead of "risk indicator."

purposes, we manually identified and selected transactions to provide examples for our report by sorting transactions by the risk indicators they received and reviewing the results.

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## Interviews and Review of Relevant Documents

To inform all three research objectives, we interviewed agency and departmental officials about the guidance, support, and oversight that BIE provided schools in spending COVID funds, including officials with BIE's Chief Performance Office, Budget and Finance Division, Grants Management Division, and Division of Acquisitions. We also interviewed officials from the Bureau of Indian Affairs and Interior's Office of Acquisition and Property Management, which administers the department's charge card program.

In addition, we interviewed national groups with expertise on American Indian education issues and BIE schools, including the National Congress of American Indians, the National Indian Education Association, and the Tribal Education Departments National Assembly.

Our review of relevant documentation included departmental and agency oversight and monitoring policies and procedures as well as relevant federal laws and regulations. Agency and departmental documentation included:

- Indian Affairs' single audit report policy and handbook;<sup>10</sup>
- BIE's May 2018 policy on conducting fiscal monitoring of schools the agency designates as at a high risk of financial mismanagement;<sup>11</sup>
- Interior's purchase card program policy;<sup>12</sup> and
- Indian Affairs' purchase card program procedures.

We conducted this performance audit from January 2022 to March 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our

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<sup>10</sup>Department of the Interior, Indian Affairs, *Single Audit Report Handbook*, 5 IAM 2-H, (Washington, D.C.: Oct. 28, 2021); Department of the Interior, Indian Affairs, *Indian Affairs Manual, Management Accountability, Single Audits*, 5 IAM 2, (Washington, D.C.: Sept. 30, 2019).

<sup>11</sup>Department of the Interior, Indian Affairs, *Indian Affairs Manual, BIE High Risk Fiscal Oversight Policy*, 30 IAM 19 (Washington, D.C.: May 2, 2018).

<sup>12</sup>Department of the Interior, Office of Acquisition and Property Management, *Purchase Card Program Policy* (Washington, D.C.: June 25, 2021).

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**Appendix I: Objectives, Scope, and  
Methodology**

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findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# Appendix II: Comments from the Department of the Interior



## United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, DC 20240

February 27, 2024

Ms. Melissa Emrey-Arras  
Director, Education, Workforce, and Income Security  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Ms. Emrey-Arras:

Thank you for providing the Department of the Interior (Department) the opportunity to review and comment on the draft Government Accountability Office (GAO) report entitled, *BUREAU OF INDIAN EDUCATION: Improved Oversight of Schools' COVID-19 Spending Needed* (Report No. GAO-24-105451). We appreciate GAO's review of the Bureau of Indian Education's (BIE) use of federal COVID-19 relief funds to respond to the pandemic. We were especially pleased to see the report highlight how BIE offered regular guidance and support to schools on spending their COVID funds.

GAO issued four recommendations to BIE to improve the administration and oversight of COVID-19 relief funds at bureau-funded schools. Below is a summary of actions the BIE has taken or plans to implement the identified recommendations.

**Recommendation 1:** The Director of BIE should establish controls to ensure that staff consistently follow agency standard procedures when schools and other BIE grantees do not timely submit single audit reports.

**Response and Actions Planned:** BIE concurs with this recommendation. The BIE Branch of Grants Management (BGM) plans to review controls to ensure staff consistently follow agency standard procedures when BIE grantees do not timely submit single audit reports (SAR), including the Single Audit Report Standard Operating Procedure (SOP). The SAR SOP includes guidance from the Indian Affairs Single Audit Report Handbook 5-IAM 2-H and identifies timelines for BGM communication with BIE grantees that do not timely submit single audit reports. Further, BGM provides oversight, technical assistance, and follow up to Tribally-Controlled Schools upon discovery that a SAR has not been submitted timely. Regarding timeliness of status updates, the BGM Supervisor receives a weekly report to ensure proper oversight and communication between BGM and grantees on all areas of delinquent reports in detail. If a report is late, the BGM team does the follow up. BGM provides oversight and technical assistance should the grantee not provide the audit.

**Target Date:** December 31, 2024



**Recommendation 2:** The Director of BIE should establish controls to ensure staff document their monitoring of high-risk schools' COVID spending and consistently report whether schools followed agency requirement for using these funds.

**Response and Actions Planned:** BIE concurs with this recommendation. With COVID-19 Funds having limited duration the BIE followed its procedures for monitoring funds; however, in late 2023 the BIE developed a section within the high-risk fiscal monitoring to include COVID spending monitoring. This work is currently in progress under the Chief Performance Office (CPO). The CPO has established controls to ensure staff document high-risk schools' COVID spending and consistently report whether schools follow agency requirements for using these funds. The BIE is available to provide a process walkthrough of the monitoring section upon request.

**Target Date:** August 30, 2024

**Recommendation 3:** The Director of BIE should update its strategic workforce plan to build its capacity to conduct all annual fiscal reviews of schools that are designated as high-risk, as required by its policy.

**Response and Actions Planned:** BIE concurs with this recommendation. The BIE is actively undertaking efforts to research, draft, and implement a comprehensive Strategic Workforce Plan, which will include its fiscal review workforce. The BIE's Strategic Workforce Plan is expected to be completed by the next fiscal year.

**Target Date:** September 30, 2025

**Recommendation 4:** The Director of BIE should work with BIA to establish controls to ensure that BIE staff responsible for monitoring purchase card activity at BIE-operated schools consistently use Interior's required monitoring tool and procedures.

**Response and Actions Planned:** BIE concurs with this recommendation. BIE-operated schools purchase card usage is subject to Indian Affairs and DOI Purchase Card Program Policies. Indian Affairs Office of the Chief Financial Officer, with input from BIE staff, is currently implementing significant revisions to the Indian Affairs' Purchase Card Program Policies. The revised policies mandate an on-line monthly statement review & approval process. The on-line system provides reports for monitoring and oversight of purchase card activity. As Indian Affairs continues to refine and improve its Purchase Card Program Policies, BIE will ensure its continued compliance with Indian Affairs and DOI policies.

**Target Date:** September 30, 2024

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**Appendix II: Comments from the Department  
of the Interior**

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The BIE recognizes the unique challenges identified in the recommendations to properly manage COVID-19 relief funds. Thank you for the opportunity to review and provide a response on behalf of BIE to the *BUREAU OF INDIAN EDUCATION: Improved Oversight of Schools' COVID-19 Spending Needed (Report No. GAO-24-105451)*. The attached enclosure contains technical comments for your consideration while finalizing the report. If you have any questions, or need additional information, please contact Ms. Ventura Lovato at (505) 263-2817.

Sincerely,



Bryan Newland  
Assistant Secretary – Indian Affairs

Enclosure

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# Appendix III: GAO Contact and Staff Acknowledgments

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## GAO Contact

Melissa Emrey-Arras, (617) 788-0534 or [emreyarrasm@gao.gov](mailto:emreyarrasm@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Will Colvin (Assistant Director), Edward Bodine (Analyst-in-Charge), Beth Sirois, Joshua Stick, and Alison Knowles made key contributions to this report. Carl Barden, Elizabeth Calderon, Kate van Gelder, Gina Hoover, Paul Schearf, Daniel Setlow, Curtia Taylor, and John Yee also contributed to this report.

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# Related GAO Products

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*High Risk: Bureau of Indian Education Has Addressed Some Management Weaknesses, but Additional Work Is Needed on Others.* [GAO-22-106104](#). Washington, D.C.: June 28, 2022.

*Indian Education: Schools Need More Assistance to Provide Distance Learning.* [GAO-21-492T](#). Washington, D.C.: Apr. 28, 2021.

*Indian Education: Actions Needed to Ensure Students with Disabilities Receive Special Education Services.* [GAO-20-358](#). Washington, D.C.: May 22, 2020.

*Tribal Programs: Resource Constraints and Management Weaknesses Can Limit Federal Program Delivery to Tribes.* [GAO-20-270T](#). Washington, D.C.: Nov. 19, 2019.

*High Risk: Progress Made but Continued Attention Needed to Address Management Weaknesses at Federal Agencies Serving Indian Tribes.* [GAO-19-445T](#). Washington, D.C.: Mar. 12, 2019.

*High Risk: Agencies Need to Continue Efforts to Address Management Weaknesses of Federal Programs Serving Indian Tribes.* [GAO-18-616T](#). Washington, D.C.: June 13, 2018.

*Indian Affairs: Actions Needed to Better Manage Indian School Construction Projects.* [GAO-17-447](#). Washington, D.C.: May 24, 2017.

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