

# INDIAN AFFAIRS MANUAL

**1.1 Purpose.** The purpose of this policy is to provide guidance on Indian Affairs' (IA) roles and responsibilities for initiating, resolving, and closing out Single Audit reports. Specific procedures regarding the Single Audit report process are documented in the Single Audit Report Handbook (5 IAM 2-H).

**1.2 Scope.** This policy applies to the processing of all Single Audit reports and all related functions under the authority of the Assistant Secretary-Indian Affairs (AS-IA), including all applicable offices under the AS-IA, Bureau of Indian Affairs (BIA), and Bureau of Indian Education (BIE).

Tribal governments or Tribal organizations operating IA programs under grants, or contracts or compacts authorized by the Indian Self-Determination and Education Assistance Act (ISDEAA), as amended (25 U.S.C. §450 et seq.) may be required to comply with policies and procedures if required by statute or regulation. Any policies which are applicable to Tribal sub-recipients will clearly state the statutory or regulatory basis requiring compliance.

**1.3 Policy.** It is the policy of IA to ensure that Single Audit reports are submitted in a timely manner, to issue management decisions in accordance with Department of the Interior (DOI) policy and Federal laws and regulations, and ensure Federal funds are properly safeguarded and used only for the purposes authorized in the award.

**1.4 Authority.**

**A. Statutes and Regulations.**

- 1) P.L. 93-638, Indian Self-Determination and Education Assistance Act, as amended
- 2) P.L. 95-452, Inspector General Act of 1978, as amended
- 3) P.L. 98-502, Single Audit Act of 1984, as amended
- 4) P.L. 100-297, Tribally Controlled Schools Act of 1988, as amended
- 5) 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- 6) 25 CFR 2 – Appeals from Administrative Actions
- 7) 25 CFR 900 - Contracts under the Indian Self-Determination and Education Assistance Act
- 8) 25 CFR 1000 – Annual Funding Agreements under the Tribal Self-Government Act Amendments to the Indian Self-Determination and Education Act
- 9) 31 CFR 900-904 – Federal Claims Collection Standards

# INDIAN AFFAIRS MANUAL

## 10) 43 CFR 4 – Department Hearings and Appeals Procedures

### **B. Guidance.**

- 1) Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control
- 2) 360 Departmental Manual (DM), Departmental Audits
- 3) 361 DM 1, Audit Follow-up – General Audit Follow-up Responsibilities
- 4) DOI Office of Financial Management (PFM) Financial Management Memorandum (FFM) 2014-024, "Time Period for Issuing Single Audit Report Management Decisions," September 29, 2014

### **C. Handbook.**

- 1) 5 IAM 2-H: Single Audit Report Handbook  
<http://www.bia.gov/WhatWeDo/Knowledge/Directives/Handbooks/index.htm>

## **1.5 Responsibilities.**

### **A. Division of Internal Evaluation and Assessment (DIEA) - Audit Liaison Officer (ALO):**

- 1) Serves as the liaison office between applicable offices within IA, the DOI PFM, and the Office of Inspector General (OIG);
- 2) Establishes and maintains an automated tracking system to provide IA management with information on the status of Single Audits;
- 3) Notifies awarding officials (AOs) and IA management when recipients have failed to submit Single Audits;
- 4) Reviews all Single Audit reports submitted to IA and the DOI's OIG, and assigns those reports to the applicable AO for resolution, highlighting potential misapplication of funds;
- 5) Provides technical assistance to recipients, AOs, IA management, and the Solicitor's Office upon request;
- 6) Approves extensions, not to exceed 30 days, to AOs on management decisions due on audit reports. The requirement that a management decision must be rendered within six months of the acceptance of the report by the Federal Audit Clearinghouse (FAC) will be strictly enforced;
- 7) Provides required reports to designated Department officials on the status of unresolved audits and audit-related debt.

# INDIAN AFFAIRS MANUAL

**B. The Directors of BIA, BIE, and all applicable office Directors under the AS-IA are to ensure that their respective AOs:**

- 1) Issue management decisions on all Single Audit findings within 120 days of the FAC acceptance date per FMM 2014-024. A management decision must be issued within six months of the FAC acceptance date to remain compliant with 2 CFR 200.
- 2) Take appropriate action when audit findings indicate significant problems or material weaknesses that put Federal resources in jeopardy or when disallowed costs have not been repaid;
- 3) Take appropriate action when an audit has not been submitted within the prescribed time frame.

**C. AOs:**

- 1) Ensure all awards include a requirement that the recipient provide a copy of the audited financial statements and Single Audit report to the DIEA. If the recipient does not meet the threshold requirement for obtaining a Single Audit, the AO will obtain a certification from the recipient that the threshold is not met and a Single Audit is not required;
- 2) Advise the recipients of the requirement to timely complete and submit their Single Audit reports;
- 3) Issue a Findings and Determination (F&D) memorandum within 120 days of the date the report is accepted by the FAC, which renders a management decision (reinstated or sustained) on all applicable findings and related costs in question;
- 4) Determine whether a misapplication of funds provided by IA may have occurred using the information contained in the recipient's financial statements, and additional records and supporting documents;
- 5) Request the Interior Business Center (IBC) issue a bill for collection, if applicable;
- 6) Assist the recipient in developing a corrective action plan (CAP) upon request, if there are findings of non-compliance or internal control weaknesses;
- 7) Provide technical assistance upon request and/or assist the recipient to identify another source of assistance.

**D. Director, IBC:**

- 1) Issues all bills for collection and performs other required debt collection tasks as necessary for audit related debt, which includes accurately recording the debt owed to IA in the IA Financial System;

# INDIAN AFFAIRS MANUAL

- 2) Submits monthly reports on audit-related debts to the Director, DIEA; the Chief, Financial Reporting and Analysis Division, IA Office of the Chief Financial Officer (OCFO); the Director, Office of Self-Governance (OSG); the Chief, Division of Self-Determination Services (DSDS) Central Office; and the Assistant Deputy Director, Administration, BIE;
- 3) Negotiates the repayment schedules and/or plans on behalf of IA with the debtor, in accordance with the Federal Claims Collection Standards, see 31 U.S.C. 3701, et seq. and 31 CFR Parts 900-904. Copies of all properly authorized repayment plans and any related correspondence should be provided to the appropriate AO and DIEA.

**E. Chief, Financial Reporting and Analysis Division, IA OCFO:**

- 1) Reviews the monthly list of bills for collection recorded in the IA Financial System for disallowed costs (provided by IBC);
- 2) Reviews the copy of the DIEA-provided Disallowed Costs in Tracking Report and reconciles it with the data in the IA Financial System to ensure that all disallowed costs are being properly being tracked in the IA Financial System.

**F. Office of Indian Services, DSDS:**

- 1) Monitors and tracks the monthly DIEA-issued Single Audit Status Report for IA overdue management decisions, management decisions that are within 120 days of being due, potential disallowed costs in jeopardy of being “time barred” from collection, and delinquent audit submissions and sanctions imposed;
- 2) Contacts responsible AO to obtain the status of, and provide technical assistance regarding, overdue management decisions, management decisions coming due, and delinquent audit submissions;
- 3) Assists AOs in the development of management decisions and the disposition of any questioned costs involved in the audit;
- 4) Reviews and/or assists in the development of CAPs to ensure the plans address the non-compliance or internal control deficiency findings;
- 5) Contacts responsible AO regarding delinquent audit submissions and ensures that proper warning letters and/or sanctions are being imposed and followed;
- 6) Upon request, performs Tribal Financial Management reviews, and provides findings and corrective actions regarding the financial condition of the Tribe;
- 7) Performs OMB Circular A-123 internal control reviews at Regional and Agency levels to ensure proper controls are in place, and policy and procedure is being followed to provide reasonable assurance that government resources are protected from fraud, waste, mismanagement, and misappropriation;

# INDIAN AFFAIRS MANUAL

Part 5  
Chapter 2

Management Accountability  
Single Audits

Page 5

- 8) Provides status reports and statistical information to Department officials regarding delinquent management decisions, questioned costs, and delinquent audit submissions.

## Approval



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8/26/16

Date