

# 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 5 IAM 2-H: Single Audit Report Handbook.

A non-federal entity that expends \$750,000 or more of federal assistance (i.e., federal funds, awards, or grants) during the non-federal entity's fiscal year (FY) must have a single or program-specific audit conducted for that year in accordance with the provisions of 2 Code of Federal Regulations (CFR) 200.501. Usually performed annually, the Single Audit is intended to provide assurance to the Federal Government that a non-federal entity has adequate internal controls in place, and is generally in compliance with program requirements. Non-federal entities typically include states, local governments, Indian Tribes/organizations, universities, and non-profit organizations.

**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, the Bureau of Indian Affairs (BIA), and the 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

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- 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
- 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, current version

## **1.5 Responsibilities.**

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

- 1) serving as the liaison office between applicable offices within IA, the DOI (PFM), and the Office of Inspector General (OIG);

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- 2) establishing and maintaining an automated tracking system to provide IA management with information on the status of Single Audits;
- 3) notifying Awarding Officials (AOs) and IA management when recipients have failed to submit Single Audits;
- 4) reviewing all Single Audit reports submitted to IA and assigning those reports to the applicable AO for resolution, including highlighting potential misapplication of funds;
- 5) providing technical assistance to recipients, AOs, IA management, and the Solicitor's Office upon request;
- 6) approving 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; and
- 7) providing required reports to designated Department officials on the status of unresolved audits and audit-related debt.

**B. Directors of BIA and BIE, Regional Directors, and all applicable office Directors under the AS-IA** are responsible for ensuring 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; and
- 3) take appropriate action when an audit has not been submitted within the prescribed time frame.

**C. AOs** are responsible for:

- 1) ensuring all federal assistance (i.e., federal funds, awards, or grants) provided to recipients includes 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

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certification from the recipient that the threshold is not met and a Single Audit is not required;

- 2) advising the recipients of the Catalogue of Federal Domestic Assistance numbers for IA programs and of the requirement to timely complete and submit their Single Audit reports;
- 3) reviewing available information provided in the recipient's Single Audit report Corrective Action Plan (CAP), in the recipient's contract or grant files, in reports of on-site IA reviews, or any other relevant data to determine if the audit report findings can be resolved with the information available. In some cases, the AO may be able to make determinations and a management decision about audit findings and questioned costs based on the recipient's CAP;
- 4) requesting, when applicable, additional information from the recipient if the Single Audit report lacks a CAP or if the AO determines that additional supporting material is necessary;
- 5) assisting the recipient in developing a CAP, upon request, if there are findings of non-compliance or internal control issues;
- 6) issuing a Findings and Determination (F&D) memorandum within 120 days of the date the Single Audit report is accepted by the FAC, which renders a management decision (reinstated or sustained) on all applicable findings and related costs in question;
- 7) determining 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;
- 8) requesting the Interior Business Center (IBC) issue a bill for collection for any disallowed costs, if applicable, and communicating with the IBC on other requirements and procedures, as applicable;
- 9) notifying the recipient, as appropriate, by letter or F&D memorandum, including rendering a management decision as to whether all questioned costs are sustained or reinstated and whether all findings are resolved; and
- 10) providing technical assistance upon request and/or assisting the recipient to identify another source of assistance.

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**D. Director, IBC** is responsible for:

- 1) issuing all bills for collection and performing other required debt collection tasks as necessary for audit related debt, which includes accurately recording the debt owed to IA in the Financial and Business Management System (FBMS);
- 2) submitting 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 Indian Self-Determination (DISD) Central Office, Office of Indian Services (OIS); and the BIE Deputy Bureau Director School Operations;
- 3) negotiating the repayment schedules and/or plans on behalf of IA with the debtor, in accordance with the Federal Claims Collection Standards (31 U.S.C. 3701, et seq. and 31 CFR Parts 900-904); and
- 4) providing copies of all properly authorized repayment plans and any related correspondence to the appropriate AO and DIEA.

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

- 1) reviewing the monthly list of bills for collection recorded in the FBMS for disallowed costs (provided by IBC); and
- 2) reviewing the copy of the DIEA-provided Single Audit Open Findings & Disallowed Costs Being Tracked for Collection Report, and reconciling it with the data in the FBMS to ensure that all disallowed costs are being properly tracked in the IA Financial System.

**F. Chief, DISD, OIS** is responsible for:

- 1) monitoring and tracking the monthly DIEA-issued Single Audit Status Report for any 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) contacting the responsible AO to obtain the status of, and provide technical assistance regarding, overdue management decisions, management decisions coming due, and delinquent audit submissions;
- 3) assisting AOs in the development of management decisions and the disposition of any questioned costs involved in the audit;

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- 4) reviewing and/or assisting in the development of CAPs to ensure the plans address the non-compliance or internal control deficiency findings;
- 5) contacting the responsible AO regarding delinquent audit submissions and ensuring that proper warning letters and/or sanctions are being imposed and followed;
- 6) performing Tribal Financial Management reviews upon request, and providing findings and corrective actions regarding the financial condition of the Tribe;
- 7) performing OMB Circular A-123 internal control reviews at the 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; and
- 8) providing status reports and statistical information to Department officials regarding delinquent management decisions, questioned costs, and delinquent audit submissions.

### Approval



Jason Freihage  
Deputy Assistant Secretary – Indian Affairs (Management)

9-30-19  
Date