

INTERNAL CONTROL SYSTEMS

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## INTERNAL CONTROL SYSTEMS

## General

## 1. GENERAL

1.1 Objective. The objective of this Manual Part is to incorporate the Departmental Manual (DM), Part 340, and thereby establish guidelines and procedures to assist the Bureau of Indian Affairs' (BIA) programs and offices to achieve compliance with Office of Management and Budget Circular A-123 (referred to herein as, the Circular), "Internal Control Systems," issued on August 16, 1983, and the Federal Managers' Financial Integrity Act of 1982 ((FMFIA) -- referred to herein as, the Act).

1.2 Background. Congress, the Office of Management and Budget (OMB), and the General Accounting Office (GAO) have directed all agencies to establish, maintain and refine controls to prevent fraud, waste, abuse and other mismanagement. The Circular and the Act require each Federal agency head to evaluate and report on the adequacy of the agency's internal control systems.

1.3 Authority. The basic authority for agency internal controls is vested in the Budget and Auditing Procedures Act of 1950, and the Anti-deficiency Act (31 U.S.C. 665). Section 113 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 66a) requires the head of each agency to establish and maintain systems of accounting and internal controls. The Act also provides that accounting systems should conform to the requirements prescribed by the Comptroller General of the United States. The general guidance for developing systems requirements is set forth in the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies. In addition, 340 DM is cited herein as a basic authority.

1.4 Policy. It is Bureau policy to maintain, evaluate, improve and report on systems of controls to ensure operational integrity, functional efficiency and fiscal accountability in all program and service operations of the Bureau. In pursuit of this policy, the BIA establishes, maintains, evaluates, modifies and improves, and reports (as required) on the findings of the Internal Control Reviews.

A. All system evaluations shall address the following:

- (1) Management Controls.
- (2) Program Controls.
- (3) Accounting Controls.
- (4) Administrative Controls.

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B. The Bureau shall adhere to all applicable laws, statutes, regulations, and guidelines governing the conduct of Indian Affairs, maintaining the highest standard of responsibility to its special trust relationship with Federally recognized Indian tribes.

C. All systems shall be evaluated on an ongoing basis, and weaknesses shall be promptly corrected. Reports shall be issued, as required, on internal control activities and the results of evaluations.

1.5 Responsibilities. Bureau managers shall develop, monitor, and continuously review internal controls systems for their programs. Employees shall be made aware of their role in the development and implementation of these control systems.

A. Assistant Secretary - Indian Affairs. The head of the Bureau shall:

(1) Establish and manage the internal control system within the Bureau.

(2) Ensure that the system meets the intent and language of the Act, the standards prescribed by the Comptroller General, and the objectives of the Circular and the Act.

(3) Modify the system, as appropriate.

(4) Develop procedures, training, and reporting requirements for maintaining and evaluating the system.

(5) Specify employee accountability through program goals, objectives, and personnel performance standards and determine appropriate disciplinary actions for violations of internal control.

B. Bureau Internal Control Coordinator. The Deputy Assistant Secretary - Indian Affairs (Operations) has designated the Director, Office of Administration as the Bureau's Internal Control Coordinator and the Chief, Branch of Systems Control as the Alternate.

The Bureau's Internal Control Coordinator shall:

(1) Administer, coordinate, and facilitate Bureau compliance with the Act and A-123 requirements.

(2) Supervise preparation of the Annual Assurance Statement with administrative and accounting standards as prescribed by the Comptroller General; together with a statement of exceptions, proposed corrective actions, and completed corrective actions.

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(3) Ensure implementation of and compliance with the review process (as defined in 340 DM, Chapter 2).

(4) Review all internal control system plans, processes, and products at all management levels (Agency, Area, and Central Office) to ensure completeness, accuracy, adequacy, practicality, and consistency of Bureau submissions to the Department and to the OIG.

(5) Designate responsibility to the alternate coordinator who will perform the daily activities associated with the overall coordination and facilitation of Bureau compliance with the Act, Circular and 340 DM.

C. Line and Program Officials. These officials (Central Office Directors, Area Office Directors, Area Education Program Administrators, Agency Superintendents and Agency Superintendents for Education) shall:

(1) Develop, monitor, and review internal control systems for their program and functional areas of responsibilities.

(2) Cooperate with the Bureau Internal Control Coordinator in:

(a) Documenting the internal control review process.

(b) Continually developing and refining assessments and methods for monitoring and reviewing the resources (i.e., dollars, staff, property, time, information) they direct or control.

(3) Certify to the Assistant Secretary, through the Bureau Internal Control Coordinator, that their internal control systems are functioning as intended. A statement of exceptions shall accompany the Assurance Statement with a list of planned actions to correct weaknesses, and completed corrective actions.

(4) Designate an onsite Internal Control Coordinator to coordinate and administer the conduct of internal reviews for their programs and functions.

(5) Ensure that managers, coordinators and other relevant personnel are trained to comply with the provisions of the Act, the Circular and this Manual Part.

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INTERNAL CONTROL SYSTEMS  
Standards, Guidelines and Procedures

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2. STANDARDS, GUIDELINES  
AND PROCEDURES

2.1 Standards, Guidelines and Procedures. Each office will implement the internal control review process as prescribed in the Circular, the Act, the 340 DM and supplemental guidance from the Bureau Internal Control Coordinator.