

INDIAN AFFAIRS MANUAL

Part 27

Financial Management

Chapter 18

Student Work-Study Payments and IRS Reporting

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- 1.1 Purpose.** This policy establishes the procedures for reporting income paid to students, as required by the Internal Revenue Service (IRS), for the Bureau of Indian Education (BIE) operated schools or other Indian Affairs (IA) work-study program participants for work performed during the calendar year.
- 1.2 Scope.** This policy applies to all Indian Affairs work-study program participants receiving payments, including one-time payments made to students for remuneration for services performed.
- 1.3 Policy.** It is the policy of IA to monitor and report payments made to work-study program participants annually based on a calendar year reporting period, along with the pertinent personal information, including the student's Social Security Number (SSN) and current mailing address on a completed Form W-4. This information will be collected by BIE or other applicable program offices and provided to the Office of the Chief Financial Officer (OCFO). The OCFO will certify and provide the payment data and the personal information to the Interior Business Center (IBC). IBC will issue Form W-2 to the student and complete the related IRS reporting. **It is imperative that payments, personal data and W-2s be issued and reported accurately as inaccurate data will have potential negative tax impacts and delays.**
- 1.4 Authority.**
- A. Statutes and Regulations.**
- 1) Internal Revenue Code I.R.C. § 61 Gross Income Defined
- B. Guidance.**
- 1) Internal Revenue Service Publication 15, (Circular E) Employer's Tax Guide
- 1.5 Responsibilities.**
- A. Deputy Assistant Secretary - Indian Affairs (Management) (DASM)** is responsible for the overall management and administration of the OCFO and the Office of Human Capital Management (OHCM) which are responsible for providing policy for IA regarding student work-study programs.
- B. OHCM** is responsible for overall policy and for providing direction to bureaus and offices regarding effective human resources management, including guidance on student work-study programs.

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- C. **Director, BIE** is responsible for managing and ensuring compliance with all requirements related to this policy regarding payments made to students through a student work-study program. The BIE has ownership and control of BIE work-study student payments and is responsible for establishing the parameters of the work-study program, including the working hours, work assignments, and supporting documentation to ensure working hours are accurate for payment.
- D. **OCFO** is responsible for ensuring that the payments made to students are accurate and are appropriately reconciled before being provided to IBC. After the creation of the W-2 by IBC, the W-2 is then reconciled to the originating summary payment data.
- E. **BIE School Administration** is responsible for selecting students who qualify for work-study programs and for collecting the completed Form W-4 along with the name, SSN and current address of participating students; ensuring proper records are established to ensure that the payments are supported by accurate timekeeping records and rates established with the student. In addition, BIE School Administration is responsible for requesting FBMS vendor set up and ensuring payments are set up with the OCFO and are issued accurately.
- F. **IBC** is responsible for utilizing annual summary payment data to issue W-2s to students and completing the related IRS reporting. IBC will also handle the issuance of required reporting to the respective State Departments of Revenue.

1.6 Procedures.

A. BIE Schools and/or IA Program Office.

- 1) Collect a completed Form W-4 from each work-study student employed;
- 2) Provide timely and accurate work-study student payment data, which includes:
 - Full Name;
 - Current Address;
 - Matching SSN; and
 - Payments only for Budget Object Class Code 252Y Work Study Program;
- 3) Certify, through signature agreement, the work-study student payment data meets Federal and State tax requirements and any withholding regulations (the certifications must be shared with OCFO and IBC);
- 4) Report wage data to OCFO and designate data to be reported:

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- to the IRS; and
 - to applicable state tax agencies;
- 5) Designate primary and back-up points of contact (POC) from each BIE operated school paying into the work-study student payments system to provide accurate data;
 - 6) Provide notification of the separation , long-term absence or the replacement of the POC, and BIE/IA Program Office will provide notification of any changes in POC information or changes in job responsibilities;
 - 7) Notify the OCFO of any corrections needed after the final file has been submitted, processed and mailed;
 - 8) Review and reconcile the year-end data with the supporting documents to ensure accurate W-2 reporting;
 - 9) If a correction to the W-2 is needed after the final file is submitted, the corrected data should be provided via Excel spreadsheet through Secure Transport; and
 - 10) Provide an escalation POC in case IBC cannot reach work-study student payments system POC.
- B. CFO.** After receiving notification of payments being made to students under the student work-study program, OCFO staff will ensure compliance with this policy and provide certification of data requirements.

Certify Data Requirements

- The OCFO will certify all student payment data is properly submitted to IBC with a Budget Object Class Code 252Y Work Study Program.
- C. IBC.** After receiving the prior calendar year student payment data from the OCFO, the IBC will:
- 1) Process and mail a W-2 to each work-study student;
 - 2) Provide the OCFO with a file of the W2s for future inquiries;
 - 3) Create and provide an EFW2 file to the Social Security Administration (SSA);
 - 4) If there is a W2 Correction:
 - IBC will create a paper W2C and the necessary transmittal to submit the W2C to SSA; and
 - Send the W2C to the work-study student and the W2C with the transmittal to SSA;
 - 5) Provide OCFO the necessary copies of the transaction for record retention;

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- 6) Protect OCFO and BIE data in accordance with Federal laws, regulations and guidelines, including IBC and client security requirements;
- 7) Liaise between the OCFO and any vendor(s) with which IBC maintains a contract and where the Bureau of Indian Affairs has purchased products or services through the IBC;
- 8) Designate primary and back-up POCs for the work-study student W2 processing service;
- 9) Provide notification of the separation or long-term absence of their respective POC. In addition, IBC will provide notification of any changes in the POC information or changes in job responsibilities.
- 10) Ensure that the security for systems hosted by the IBC are compliant with Federal Information Technology security requirements, including assessment and authorization (A&A), and Federal Information Security Management Act (FISMA) reporting. Report any incident involving Personally Identifiable Information.

1.7 Records. The BIE School's administrative staff and/or IA Program Office is responsible for maintaining the original records for payments and the W-2s issued. The payroll items are generally subject to financial audit sampling and should be readily available, if requested. These records must be maintained for three (3) years after payment in accordance with record retention policy.

Approval



George W. Bearpaw
Acting Deputy Assistant Secretary – Indian Affairs (Management)



Date