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 BIE and IA 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.

1.4 **Authority.**

   A. **Statutes and Regulations.**

      1) 26 U.S.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 - Management (DASM)** is responsible for the overall management and administration of the Office of the Chief Financial Officer (OCFO) and the Office of Human Capital Management (OHCM), the offices which provide policy for IA regarding student work-study programs.

   B. **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.

   C. **OCFO** is responsible for receiving and posting student work-study program payment requests from BIE School Administration; preparing the Annual Summary Student Work-Study Payment Report and sending the report to BIE School Operations Finance (SOF) for validation; submitting the final report to the Interior Business Center (IBC); and working with IBC for any needed corrections.
D. **BIE School Administration** is responsible for approving bureau-operated schools to participate in a student work-study program; selecting students who qualify for BIE work-study programs; securing required information from approved students and submitting the Financial and Business Management System (FBMS) Vendor Form to the OCFO; submitting accurate payment requests to the OCFO using the correct Budget Object Code (BOC) (i.e., Budget Object Classification 252Y - Student Work Study - Other Expenses); and ensuring proper record keeping that includes established pay rates, vendor form requests and updates, individual timecards, and payment requests.

E. **BIE SOF** is responsible for ensuring BIE School Administration has the training required to properly request payments under the student work-study program; coordinating and completing financial program reviews of the student work-study program; and validating the final summary student work-study payment report before it is sent to the IBC.

F. **IA Program Offices** are responsible for completing all steps required by BIE School Administration when approved student work-study programs are established outside of a bureau-operated school.

G. **IBC** is responsible for taking the final summary Student Work-Study Payment Report and preparing and issuing W-2s to students, and completing any external reporting requirements.

1.6 Procedures.

A. **BIE School Administration and IA Program Offices:**

1) Approve bureau-operated schools to participate in a student work-study program and select students who qualify for the program.

2) Establish pay rates and track student work-study schedules with approved students.

3) Provide student information on the FBMS Vendor Request Form to the OCFO prior to the first payment request for the student that includes:
   - full name;
   - current address;
   - SSN; and
   - banking information.
4) Submit accurate payment requests (E467 and/or E1806 upload files) to the OCFO utilizing the correct BOC for the student work-study program (i.e., Budget Object Classification 252Y - Student Work Study - Other Expenses). The student work-study BOC must not be used for other student payments types.

5) Contact the OCFO and BIE SOF if a correction is needed after a Form W-2 is issued to a student.

**B. BIE SOF:**

1) Designates a primary and back-up point of contact (POC) from each bureau-operated school participating in the student work-study program.

2) Conducts preliminary and final review and reconciliation (validation) of calendar year-end financial data with supporting documents to ensure accurate W-2 reporting.

3) Ensures scheduled preliminary and final reviews of student work-study W-2 financial information are completed within the last quarter of each calendar year (October-December).

**C. OCFO:**

1) Receives and processes student work-study payment requests (E467 and/or E1806 upload files).

2) Processes FBMS Vendor Request Forms to update student information in the financial system.

3) Prepares the Annual Summary Student Work-Study Payment Report, and submits the report to IBC once the report is validated by BIE SOF. The Annual Summary Student Work-Study Report is completed by the end of the first quarter of the calendar year.

4) Assists IBC with Form W-2 corrections when needed as identified by BIE School Administration.

**D. IBC:** After receiving the student payment data from the OCFO, the IBC will:

1) Follow all requirements agreed upon in the Memorandum of Agreement/Memorandum of Understanding.
2) Process and mail a Form W-2 to each work-study student identified in the Annual Summary Student Work-Study Payment Report.

3) Provide the OCFO with copies of the Form W-2 for all students.

4) Work with the OCFO to complete any necessary Form W-2 corrections.

1.7 Records.

BIE School Administration and IA Program Offices are required to maintain information related to: individual agreements and pay rates established with approved students, FBMS Vendor Request Forms, time cards, and payment requests.

The OCFO is required to maintain the Annual Summary Student Work-Study Payment Report, and copies of the Form W-2 and Form W-2C. The retention period for these records must be maintained for three years after payment.

Approval

JASON FREIHAGE

[Signature]

Jason E. Freihage
Deputy Assistant Secretary – Management