

Reporting Requirements associated with awards made under authority of P.L 93-638 authority:

In conformance with Sec. 5 of the Act, such records for a mature contract shall consist of **quarterly financial statements** for the purpose of accounting for Federal funds, the **annual single agency audit** required by Chapter 75 of Title 31, United States Code, and a brief **annual program report**.

1. Quarterly Financial Report (Standard Form 269A)

The contractor shall submit a Financial Status Report (SF-269A) at least quarterly. These reports are due within 30 calendar days after the end of each quarter. A Final Financial Status Report shall be furnished within 90 days after each contract year and a release of claim upon contract completion. Financial Status Reports are for the purpose of reconciliation of contracts/grants funds. The Bureau makes many awards that remain open over several years. These awards may contribute to the large number of undelivered order (UDO)s in the Federal Finance System (FFS). To alleviate this situation and as a matter of good contract/grant administration, the awarding official perform an annual reconciliation of the financial records of each open contract/grant utilizing the information contained in the Financial Status Report. **The purpose of this process is to document any unexpended funds from prior years.**

2. Narrative (Progress) Report

If negotiated into an initial agreement or an Annual Funding Agreement to submit Narrative report, Narrative Report is due 30 calendar days after the end of each quarter.

3. Annual Report

If negotiated into an initial agreement or an Annual Funding Agreement to submit annual report in lieu of Quarterly Narrative Report, the Annual Report is due 90 days after each contract year.

4. Annual A-133 Audit Report

For each fiscal year during which an Indian tribal organization receives or expends funds of at least \$300,000 pursuant to a contract entered into, or grant made, under this Act, the tribal organization that requested such contract or grant shall submit to the Office of Inspector General through the Clearing House, a single agency audit report required by Chapter 75 of title 31, United States Code. These audit reports are due within nine (9) months at the end of the tribe's fiscal year or calendar year. The Bureau of Indian Affairs reserves the right to impose sanctions, including withholding funds, if audits are not submitted in a timely manner.

[Tribes which established a biennial audit requirement as part of their constitution or statutes before January 1, 1987, may continue to conduct an audit every two years instead of annually. The audit must cover both fiscal years.]

[BIA grant schools are only required to have an audit every two years in accordance with Public Law 100-297, and the audit must cover both fiscal years.]

[Entities expending less than \$25 million will have an oversight agency. Entities expending more than \$25 million will have a cognizant agency. An oversight agency may assume less responsibilities under the law than a cognizant agency.

5. Release of Claim (DI 137)

For the purpose of timely closeout of Public Law 93-638 contracts and grants, a Release of Claim should be submitted at least 90 days after each contract year

Audit Responsibilities of tribes/tribal organizations/schools:

- Identify Federal awards received and expended
- Maintain internal controls, including controls over Federal funds received. (prevent errors, waste & fraud)
- Comply with requirements affecting awards
- Prepare financial statements and schedule of Federal awards (including notes)
- Arrange for audits and submit results when due
- Prepare summary schedule of status of prior year audit findings
- Prepare corrective action plans and resolve audit findings. Prepare summary schedule of status of prior year audit findings
- Prepare Data Collection Form (Certificate of Audit) and submit as required

A Pass-Through* Entity Must:

- Identify Federal awards made to subrecipients (CFDA** numbers)
- Inform subrecipients of applicable laws, regulations, and requirements
- Monitor subrecipients
- Ensure performance of required Federal audits and submission of reports/certificates
- Issue written "management decision" on subrecipient audit findings within 6 months of report receipt
- Consider impact of subrecipient findings on own books and records
- Require subrecipients to permit access to records.

[*Pass-Through Entity-a non-Federal entity that provides a federal award to a subrecipient to carry out a Federal program]

**[CFDA Catalogue of Federal Domestic Assistance-a book published semi-annually that describes Federal programs, projects, services, and activities which provide assistance or benefits to the American public. It contains financial and nonfinancial assistance programs administered by departments and establishments of the Federal government. The CFDA is available online at <http://www.gsa.gov/fdac/>]

Federal Awarding Agency Responsibilities:

- Provide CFDA title and number for each program
- Advise recipients of legal/contractual requirements
- Ensure audits are completed and reports are received
- Provide technical assistance
- Issue a management decision within 6 months

Auditor's Responsibilities:

- Conduct audit in accordance with GAGAS
- Determine fairness of Financial Statements
- Perform procedures to determine adequacy of internal controls
- Determine major programs, make risk assessments of programs
- Designate auditee as low-risk, if applicable
- Test for compliance with applicable laws and regulations
- Follow-up on prior year audit findings
- Prepare audit report package, including financial statements, opinions, findings, questioned costs, and applicable portions of Data Collection Form

Single Audit Act of 1984-OMB Circular A-128

Single Audit Act Amendments of 1996-OMB Circular A-133

- \$300,000 or more in expenditures requires a Single Audit
- \$300,000 is only threshold. If all expenditures are for one program, can have a program specific audit.
- Cognizant/Oversight Agency is grantor that provides the most Federal funds
- Submitted to Federal Clearinghouse
- Report contains:
 - Financial Statement and Auditor's Opinion
 - Schedule of Federal Financial Assistance
 - (more detail required, must be prepared by auditee and audited by auditor)
 - Internal Control Reports
 - Compliance Reports
 - Corrective Action Plans
 - Status of Prior Year Findings (auditee must explain why problem hasn't been fixed)
 - Summary of auditor's results

Reporting Package:

- Data Collection Form (Certificate of Audit)
- Single Audit Report

- Report due 9 months after end of fiscal year (beginning in FY99)
- Auditor selects major programs based on dollar thresholds and program risk. More discretion on part of auditor.
- An auditor who prepares the Indirect Cost Proposal or Cost Allocation Plan may not also be selected to perform the single audit if Indirect Costs recovered by the auditee during the prior year exceeded 1 million. Effective for audit periods ending on or after June 30, 1998.
- Auditee can obtain "low-risk" status

- Auditor must report all findings (reportable conditions), but specify which findings are material.
- Auditor does not report questioned costs unless known or likely questioned costs for a type of compliance for a program are greater than \$10,000. If so, the auditor reports only known questioned costs.
- Failure to conduct a timely audit or provide adequate corrective actions could result in sanctions.
 - Withhold a percentage of Federal funds
 - Withhold or disallow overhead costs
 - Suspend Federal awards until audit is conducted
 - Terminate Federal awards

THE AUDIT RESOLUTION PROCESS

The OIG Process:

- General processing occurs first - the audit is logged in, the date received is noted, and an audit specialist is assigned to the audit.
- The audit specialist performs a "desk review" of the audit. This will determine if the CPA complied with the Single Audit Act and OMB Circular A-133 reporting requirements. It does NOT make any conclusions about the financial condition or operating procedures of the tribe.
- If the audit does not pass the desk review, it will be returned to the auditor and tribe for further work. An audit may pass the desk review even if it has minor problems. If an audit FAILS the desk review, there is something major wrong with it.
- Most audits do in fact pass the desk review. The audit specialist will then count the number of internal control findings and compliance findings and add up the questioned costs.
- The audit will be assigned a number using the following convention: FY-A-XXXX
 - FY=The fiscal year in which the audit is issued by the OIG. (Not the fiscal year the audit is received or the fiscal year of the audit.)
 - A-Always an A. This is a remnant of an old OIG numbering system.
 - XXXX-Number assigned sequentially as audits are issued.
- The OIG will mail letters to the tribe, CPA, BIA awarding official, and the Office of Audit and Evaluation. Each of these memos contains slightly different information.
- The OIG also conducts Quality Control Reviews to assess the general adequacy of the CPA's auditing techniques.

THE BIA PROCESS:

The BIA is required to respond to the OIG within certain time frames and explain what actions are planned or have been taken by the tribe to correct the audit findings. Usually, this requires the BIA awarding official to obtain additional information from the tribe.

- Within 90 days of the issuance of the audit, the awarding official is expected to provide a written response to the OIG. The issue date is the date of the OIG memo to the awarding official.
- If any questioned costs are to be disallowed, a written Findings and Determination (F&D), including appeal rights, must be sent to the tribe via certified mail within 365 days of the receipt of the audit by the OIG. This is commonly called the "365 Day Rule." The awarding official must also send a written request to the BIA Division of Accounting Management for a Bill of Collection (BFC) to be issued.
- The awarding official can still disallow costs after the 365 days, but the costs will not be collectible.
- There is a great degree of latitude give to Areas and Agencies when resolving audit findings. Some factors an awarding official may consider are:
 - Materiality of findings
 - audit findings from previous years
 - tribal cooperation in resolving findings
 - how the resolution may affect other funding agencies (cross-cutting findings)
 - results of discussions with the tribe's auditor.