

- 1.1 Purpose.** The purpose of this chapter is to provide an overview of the annual assurance statement process and to document Indian Affairs' (IA) responsibilities in preparing its annual assurance statement(s).

The Federal Managers' Financial Integrity Act (FMFIA) requires the head of each executive agency to prepare an annual statement on the adequacy of the systems of internal accounting and administrative controls. The Secretary of the Department of the Interior (DOI) provides a "Statement of Assurance" to the President and to the Congress on the effectiveness of management controls within the Department, which is incorporated into the annual Agency Financial Report (AFR). The Secretary's statement is based upon assurance statements provided by bureau and office directors, through the respective Assistant Secretary.

- 1.2 Scope.** This policy applies to all programs and offices under the authority of the Assistant Secretary-Indian Affairs (AS-IA), including AS-IA offices, the Bureau of Indian Affairs (BIA), and the Bureau of Indian Education (BIE).

- 1.3 Policy.** It is the policy of IA to comply with the Department's Internal Control Program, including implementing appropriate and effective internal controls and conducting follow-up on internal control matters so that management can provide reasonable assurance that the following objectives are being achieved:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting; and
- Compliance with applicable laws and regulations.

- 1.4 Authority.**

A. Statutes and Regulations.

- 1) P.L. 97-255, Federal Managers Financial Integrity Act of 1982 (FMFIA)

B. Guidance.

- 1) Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control
- 2) 340 Departmental Manual (DM) 1, Management Accountability and Control - General Policy and Responsibilities

C. Handbooks.

- 1) DOI Internal Control and Audit Follow-Up (ICAF) Handbook:
<https://portal.doi.net/OS/PMB/PFM/default.aspx>

(Please note: you must use Internet Explorer to access this Handbook as well as request permission to access it once on the site; it is only available to DOI employees)

- 1.5 **Responsibilities.** The following IA officials are responsible for the submission of an annual assurance statement:

AS-IA will provide assurance for overall IA programs and operations based on personal knowledge and on the information provided by the following:

- 1) **Deputy Assistant Secretaries and all other offices reporting directly to the AS-IA** will provide assurance statements to the AS-IA regarding the effectiveness of management and financial controls within their areas of responsibility. Their statements should summarize the results of assurance statements provided to them from each office/program director in their chain of command.
- 2) **Directors, BIA and BIE** will provide assurance statements to the AS-IA regarding the effectiveness of management and financial controls within their areas of responsibility. Their statements should summarize the results of assurance statements provided to them from each office/program director in their chain of command, including Regional offices and Education Line Offices.
- 3) **Director, Division of Internal Evaluation and Assessment (DIEA)** will provide relevant information to IA management on audits conducted by the Office of Inspector General (OIG) and the Government Accountability Office (GAO), and summary information about single audits conducted for Tribes and Tribal organizations which receive Federal financial assistance from IA. Additionally, DIEA provides technical assistance in preparing statements, and coordinates the statements for submission to the AS-IA and the Secretary.

- 1.6 **Reporting Requirements and Process.** The DOI ICAF Handbook requires that bureau/office annual assurance statements incorporate information regarding FMFIA Sections 2 and 4, including assurance on information technology security, compliance with core accounting system requirements, and internal control over financial reporting (a subset of the overall FMFIA assurance statement).

IA's overall assurance statement must be addressed to the Secretary, signed by the AS-IA, and sent from the AS-IA to the Department's Office of Financial Management (PFM).

The annual assurance process consists of the following:

A. Preparing and Issuing an Annual Assurance Statement on Compliance with FMFIA

Bureau and office heads must prepare and submit an annual assurance statement to the AS-IA no later than August 15th of each year.

B. Statement of Assurance for Internal Control over Financial Reporting

The AS-IA is required to provide a separate assurance over the effectiveness of the internal controls over financial reporting. This assurance is a subset of the overall Statement of Assurance and is based on the results of management's assessment as of June 30, conducted in accordance with the requirements of OMB's Circular A-123, Appendix A. Any changes to the conditions reported as of the June 30 assurance statement, whether positive (corrected weakness) or negative (additional identified weakness), is to be reported on an updated statement as of September 30.

IA's assurance statement should be accompanied by a summary of the Corrective Action Plans (CAPs) for any material weaknesses and system "non-conformance" that are identified. The summaries should include a description of the material weaknesses, the status of corrective actions, and the timelines for completion. Sometimes what constitutes a material weakness for IA's assurance statement may not be considered "material" at the Department level. Therefore, CAPs in the IA assurance statement would only be included in the DOI assurance statement if the Department qualifies its assurance statement as a consequence of IA's material weakness. Regardless, IA must submit CAPs to address the identified weaknesses as noted above, and programs must work on implementing those corrective actions in a timely manner.

- 1.7 Basis for Assurance.** The statement of assurance represents the Assistant Secretary's informed judgment as to the overall adequacy and effectiveness of IA's internal controls. The IA assurance statement supports the Department's assurance statement to Congress on the overall adequacy and effectiveness of internal controls.

The IA statement must take one of the following forms:

- Unqualified statement of assurance (no material weaknesses or non-compliance with laws and regulations reported);
- Qualified statement of assurance, considering the exceptions explicitly noted (one or more material weaknesses or non-compliance with laws and regulations reported); or
- Statement of no assurance (no processes in place or pervasive material weaknesses).

When deciding on the type of assurance to provide, the Assistant Secretary considers information from multiple sources, including results of the assessments made at the component, process, transaction, application, and other subordinate levels; input from senior program and administrative officials; and feedback from the OIG. The Assistant Secretary must describe the analytical basis for the type of assurance being provided, and the extent to which organizational activities were assessed. AS-IA management is precluded from concluding that IA's internal controls are effective (unqualified statement of assurance) if there are one or more material weaknesses, or non-compliance with laws and regulations.

- 1.8 Format.** PFM provides an annual assurance statement template to all DOI bureaus and offices. DIEA models templates for IA after the PFM templates.
- 1.9 Due Dates.** A Department-wide calendar for each step of the internal control process is updated annually by PFM with specific due dates and transmitted in a guidance memorandum to Assistant Secretaries, heads of bureaus and offices, Chief Financial Officers, and internal control coordinators.

Approval



James N. Burckman
Acting Deputy Assistant Secretary – Indian Affairs (Management)

8/2/16
Date