

# INDIAN AFFAIRS MANUAL

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- 1.1 Purpose.** This chapter establishes Indian Affairs' (IA) policy for proper management of Undelivered Orders (UDOs), including the process for submitting quarterly reviews and certifications.
- 1.2 Scope.** This policy applies to Indian Affairs (IA) programs and offices under the authority of the Assistant Secretary-Indian Affairs (AS-IA), including 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 Federal regulations and policy direction, including those from the Department of the Interior (DOI) and the Office of Management and Budget (OMB). This includes establishing and implementing adequate internal control measures, such as quarterly reviews/reconciliations of UDO balances to ensure that the balances are valid and accurate.
- 1.4 Authority.**
- A. Statutes and Regulations.**
- 1) P.L. 97-258, The Anti-Deficiency Act of 1982, as amended
  - 2) 25 U.S.C. 5329 Contract or grant specifications
  - 3) 25 U.S.C. Chapter 27, Tribally Controlled School Grants
  - 4) 31 U.S.C. 1501, Documentary evidence requirement for Government obligations
  - 5) Federal Acquisition Regulation (FAR) 4.804-1, Closeout by the office administering the contract
  - 6) FAR Part 43, Contract Modifications
  - 7) 2 CFR 200.344, Closeout
- B. Guidance.**
- 1) Government Accountability Office (GAO) Policy and Procedures Manual for Guidance of Federal Agencies, Title 7, Chapter 3, Obligations
  - 2) Office of Management and Budget (OMB) Circular A-11, Preparation, Submission, and Execution of the Budget
  - 3) OMB Circular A-123, Management's Responsibility for Internal Control

# INDIAN AFFAIRS MANUAL

- 4) DOI, Financial Management Handbook (FMH), Chapter 3, Review and Validation of Dormant Obligations Policy

## 1.5 Responsibilities.

- A. **Chief Financial Officer (CFO)** is responsible for implementing proper procedures to ensure timely and adequate review of outstanding UDOs and providing certification along with the Head of the Contracting Activity on behalf of IA to DOI.
- B. **Head of the Contracting Activity (HCA)** is responsible for the overall management of IA's contracting activity, including establishing acquisition policy, guidance, and oversight of all acquisition activities within IA. HCA is also responsible for providing UDO certification along with the CFO on behalf of IA to DOI.
- C. **Division of Financial Reporting and Analysis (FRA)** reports to the OCFO and is responsible for consolidating quarterly reviews, responses, and conducting risk assessments for determining the validity of UDO outstanding balances.
- D. **Regional Directors and Directors of Programs within DAS-M, BIA, and the BIE** are responsible for implementing the procedures outlined in this policy, specifically sections 1.7 A. UDO Review Objectives, 1.7 B. Review Requirements, Reports, and Forms, and 1.7 C. Responses and Certifications.

## 1.6 Definitions.

- A. **Undelivered Orders (UDOs)** are the value of goods and services ordered and obligated but not received and have not been prepaid or advanced.
- B. **Obligation** is a definite commitment that creates legal liability of behalf of the government for the payment of goods and services ordered or received or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States.
- C. **Valid Obligations** exist when supported by authorized signature, as determined by the program, and documentary evidence as defined under 31 U.S.C. 1501(a).
- D. **Validation** is the process of ensuring that transactions recorded in the accounting system are accurate. The goals of validation process are to ensure the accuracy of posted transactions; to confirm whether the requirements for the product, service, grant/loan payment still exist; and to initiate follow-through efforts to locate missing liquidations.

- E. De-obligations** are the cancellation, downward adjustment or deletion of previously recorded obligations.
- F. Period of Performance (PoP)** is the contractually specified timeframe for delivery or performance of a contract awarded for goods and services.
- G. Period of Availability** is the period of time for which appropriations are available for obligation. If funds are not obligated during their period of availability, then the funds expire and are generally unavailable for new obligations.
- H. Dormant Obligations** are obligations aged beyond 90 calendar days of the period of performance end date and without activity in the past 120 calendar days as defined in DOI FMH Chapter 3.

## 1.7 Standards, Requirements, and Procedures.

### A. UDO Review Objectives

IA programs must complete a review of all outstanding UDOs, regardless of whether DOI's criteria of dormant obligations is met.

### B. Review Requirements, Reports, and Forms

IA programs that receive an allocation or sub-allocation of funds **must** complete quarterly reviews and certify the validity of the outstanding UDOs for their respective programs for the first three quarters of the fiscal year.

A formal review for the fourth and final quarter of the fiscal year is **not required** due to the timing of the audit cycles. However, as part of the year-end close activities to ensure the completeness of the UDOs, FRA sends an email confirmation data call to the programs and regions in September. The data call requests the respective programs and regions to certify that all known obligations/contracts signed by personnel for the region/office have been accurately recorded in FBMS (i.e., no documents are completed outside of FBMS). This specifically includes new obligations and/or contract awards, reimbursable agreements, modifications to current obligations and/or contract awards, modifications to current reimbursable agreements.

#### 1) Specific Review Requirements

- a) The FRA Division completes a review of **all** BIA and BIE outstanding UDOs provided for each of the first three quarters of the fiscal year.

## INDIAN AFFAIRS MANUAL

- b) Each program or office must document the status of each of the outstanding UDOs on the Quarterly Outstanding UDO Aging Report (distributed by the FRA Division via email) using one of the following **status** codes:

Status Codes	Description
<b>Valid Until Expended by Public Law</b>	The UDO has been reviewed and found to be valid AND the UDO is related to a Public Law that allows the funds to remain available until expended. This includes, for example, P.L. 93-638 and P.L. 100-297 UDOs.
<b>Preparing for Closeout</b>	The UDO has been reviewed, goods/services have been received, and the program is completing final steps in preparation for closeout. This includes obligations for which the program is awaiting final invoicing.
<b>In Closeout</b>	The UDO has been reviewed, goods/services have been received, and the program has submitted a request for closeout/de-obligation of unliquidated balances.
<b>Modification Needed</b>	The UDO has been reviewed and found to be valid AND actions are being taken to extend the PoP, or the PoP has been extended but is not correctly reflected. For example, waiting final DCAA overhead rates, litigation holds, or other specific requirements.
<b>Valid PCS Obligations</b>	The PCS UDO has been reviewed, for permanent change of station that is in the final stages in preparation for closeout. This includes obligations for which the program is waiting final TDY vouchers, relocation storage and delivery, home sales closing, and awaiting final Relocation Income Tax Allowance (RITA) claims.
<b>Validated Unexpired PoP</b>	The UDO has been reviewed and found to be valid, AND the PoP has not ended.

- c) Each program or office must prepare a quarterly UDO certification memorandum (the memorandum template is available online at: <https://www.bia.gov/policy-forms/online-forms/specific-forms-and-guidance>).
- d) Submit the UDO certification memorandum and the Quarterly Outstanding UDO Aging Report to the FRA Division via email by the final day of the month following the end of the quarter.

## INDIAN AFFAIRS MANUAL

- e) The program or office completing the review must retain the supporting documentation from the review of the UDOs for reference and as support for the annual financial statement audit. The detailed results and supporting documentation for the UDOs that meet the DOI's dormant obligations criteria must be readily accessible as needed or requested.
- f) The status of each obligation provided in the response column will be used and tracked by FRA to consolidate into DOI's annual certification.

### 2) Review Submission

- a) **BIA regions/field offices.** BIA programs reporting to the regions will submit their review results to the Regional Director. The Regional Director will consolidate and submit one certification statement for the region to FRA.
- b) **BIE.** All BIE programs will submit their review results to the Deputy Director of the BIE or designee. The Deputy Director or designee will consolidate and submit one certification statement to FRA.
- c) **Central Office.** All divisional offices will submit their review results to the Central Office Director. The Central Office Director will consolidate and submit one certification statement to FRA.

## C. Responses and Certifications

### 1) Responses

Each region and program office must complete the quarterly review and validate the OCFO's Quarterly Outstanding UDO Aging Report, and must submit their responses, using the provided report, to their respective region, office, or director for certification. Each Director for the region, office, or program must sign the quarterly UDO certification memorandum certifying and attesting to the completeness of the UDO review.

The Quarterly Outstanding UDO Aging Report annotated with responses and the UDO certification memorandum are due to the FRA Division at the end of the month following the end of each of the first three quarters of the fiscal year.

These two documents are the primary documentation used by the internal and external auditors to verify that a quarterly UDO review has been completed by all program personnel responsible for obligating funds, and that the proper

## INDIAN AFFAIRS MANUAL

management official has certified the process.

Each quarter, FRA will consolidate all responses and prepare a certification package for the CFO and HCA to certify. In addition, FRA will perform an overall risk assessment outlined in 1.7 C of this policy.

### 2) Annual Certifications

- a) The annual certification memorandum, based on the June 30<sup>th</sup> UDO report (third quarter), is due to the OCFO by **July 31st** (or the next working day if the date falls on a federal holiday or weekend). IA's 3<sup>rd</sup> quarter UDO certification and UDO status review is then due to the Department by August 31<sup>st</sup> of that year of review, per the DOI FMH Chapter 3 Review and Validation of Dormant Obligations policy.
- b) The annual certification is the **most important** of all the quarterly reviews. The annotated list of IA Outstanding UDOs will be presented to DOI and the annual financial auditors. These UDO balances will be subject to rigorous audit testing; therefore, each reporting office must retain the annual review working papers and all the related supporting documents (e.g., contract agreements, invoices, purchase requisitions) and ensure they are readily accessible when needed or requested during the annual financial audit.

### D. Risk Assessment and De-Obligation Materiality.

The FRA Division will perform an overall risk assessment after consolidating all review responses. The risk assessment ensures there is no material misstatements by identifying whether the annual financial statements are less than or greater than the materiality threshold. The materiality threshold, for tracking and monitoring outstanding UDOs, is one percent (1%) of the total undelivered orders balance for the quarter.

If the total of the UDOs identified as needing de-obligations or "in closeout" status is **less than** the materiality threshold, the region and program office should continue to work on the de-obligations as appropriate.

If the total of the UDOs identified as needing de-obligations is **greater than** the materiality threshold, the FRA Division will follow up with respective program office or region with high "in closeout" dollars to identify process improvements to expedite

# INDIAN AFFAIRS MANUAL

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Part 27  
Chapter 6

Financial Management  
Undelivered Orders Review

Page 7

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these de-obligations in a timelier manner before year-end, and to prevent material misstatement on the annual financial statements.

## Approval

JASON FREIHAGE

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Jason Freihage  
Deputy Assistant Secretary – Management (DAS-M)

Date