

**SECTION 1
ADDENDUM D
REFERENCES FOR FEDERAL REGULATIONS**

Information related to public laws, OMB Circulars, and regulatory authorities that govern the Department of the Interior’s internal control program are included in this addendum. OMB circulars applicable to internal controls and referenced in this Handbook can be obtained from the OMB Web-site: www.whitehouse.gov/OMB/Circulars

Regulation	Title	Date
IG Act (P.L. 95-452)	Inspector General Act of 1978	Amended 10/18/88
GPRA	Government Performance & Results Act	1/5/93
FMFIA (P.L. 97-255)	Federal Managers Financial Integrity Act	9/8/82
CFO Act (P.L. 101-576)	Chief Financial Officer’s Act of 1990	11/15/90
OMB Circular A-127	Financial Systems	Revised 12/1/04
GMRA (P.L. 103-356)	Government Management Reform Act	10/13/94
ITMRA Act of 1996 (P.L. 104-106)	Information Technology Management Reform Act (Clinger-Cohen Act)	8/8/96
FFMIA (P.L. 104-208)	Federal Financial Management Improvement Act	9/30/96
GPEA (P.L. 105-277, Title XVII)	Government Paperwork Elimination Act	10/21/98
OMB Circular A-130	Management of Federal Information Resources	Revised 11/30/00
IPIA (P.L. 107-300)	Improper Payments Information Act	11/26/02
FISMA (P.L.107-347 – Title III)	Federal Information Security Management Act	12/17/02
Sarbanes-Oxley Act (P.L.107-204 116 Stat. 745)	Sarbanes-Oxley Act of 2002	7/30/02
OMB Circular A-133 (P.L. 98-502 - 1984) (P.L. 104-156 – 1996)	Single Audit Act	Amended 6/27/03
OMB Circular A-123	Management’s Responsibility for Internal Control	Revised 12/21/04
OMB Circular A-11	Preparation, Submission, and Execution of the Budget	6/21/05

Inspector General Act of 1978 (IG Act), as amended

The IG Act provides for independent reviews of agency programs and operations. IGs are required to submit semiannual reports to Congress on significant abuses and deficiencies identified during the reviews and the recommended actions to correct those deficiencies. IGs and/or external auditors are required by the Government Auditing Standards and OMB Bulletin No. 01-02 Audit Requirements of Federal Financial Statements, as amended to report material

weaknesses in internal control related to financial reporting and noncompliance with laws and regulations as part of the financial statement audit. Auditors also provide recommendations for correcting the material weaknesses. Agency managers, who are required by the IG Act to follow up on audit recommendations, should use these reviews to identify and correct problems resulting from inadequate or poorly designed controls, and to build appropriate controls into new programs. Audit work planned by the IG should be coordinated with management's assessment requirements to ensure cost effectiveness and avoid duplication.

Government Performance and Results Act (GPRA) and Program Assessment Rating Tool (PART)

To support results-oriented management, GPRA requires agencies to develop strategic plans, set performance goals, and report annually on actual performance compared to goals. With the implementation of the revised Circular A-123 legislation, these plans and goals are integrated into the budget process, the operational management of agencies and programs, and accountability reporting to the public on performance results, and on the integrity, efficiency, and effectiveness with which they are achieved. Similarly, the Program Assessment Rating Tool (PART)'s primary purpose is to assess program effectiveness and improve program performance. The PART has also become an integral element of the budget process when making funding resource allocations or decisions.

Federal Managers Financial Integrity Act of 1982 (FMFIA)

The FMFIA requires agencies to establish and maintain internal control. The agency head must annually evaluate and report on the control and financial systems that protect the integrity of Federal programs; Section 2 and Section 4, respectively. The requirements of FMFIA serve as an umbrella under which other reviews, evaluations, and audits should be coordinated and considered to support management's assertion about the effectiveness of internal control over operations, financial reporting, and compliance with laws and regulations.

Chief Financial Officers Act, as amended (CFO Act)

The CFO Act requires agencies to establish and assess internal control related to financial reporting. The Act requires the preparation and audit of financial statements. In this process, auditors report on internal control and compliance with laws and regulations related to financial reporting. Therefore, the agencies covered by the Act have a clear opportunity to improve internal control over their financial activities, and to evaluate the controls that are in place. The Accountability of Tax Dollars Act of 2002 amended the CFO Act to expand the types of Federal agencies that are required to prepare audited financial statements.

Meeting the accelerated financial statement reporting due date also provides incentive for agencies to have added discipline and effective internal control to routinely produce reliable financial information. Deficiencies in internal control need to be mitigated to ensure timely and accurate financial information.

OMB Circular A-127, Financial Systems

This circular prescribes policies and standards for executive Departments and agencies to follow in developing, operating, and reporting on financial management systems. A financial system is an information system (automated or manual) comprised of one or more applications, that is used for either: (a) collecting, processing, maintaining, transmitting, and reporting data about financial events; (b) supporting financial planning or budgeting activities; (c) accumulating and reporting cost information; or, (d) supporting the preparation of financial statements. OMB Circular A-127 was revised December 1, 1994, to include coordination among the operators of agency financial management systems, vendors of financial management software, E-Gov shared services, and the Department of Treasury. The revisions incorporate the transfer of responsibilities from the Joint Financial Management Improvement Program to the Chief Financial Officer's Council and the Office of Federal Financial Management.

Government Management Reform Act

The Government Management Reform Act was enacted to provide a more effective, efficient, and responsive Government. Included in this act: **Title I**, Limitation on Pay which amends the Legislative Reorganization Act of 1946 and other Federal law to limit annual cost of living adjustments for Members of Congress, the Vice President, senior Government officials; **Title II**, Human Resource Management amends Federal civil service law to eliminate unlimited accumulation of annual leave by members of the Senior Executive Service and sets a limit on excess leave of 90 days per year; **Title III**, Streamlining Management Control authorizes the Director of OMB to publish annually in the President's Budget any recommendations for the consolidation, elimination, or adjustment in frequency and due dates of statutorily required periodic reports to the Congress or its committees; and **Title IV**, Financial Management (Federal Financial Management Act of 1994, which amends Federal law to require direct deposit of Federal wage, salary, and retirement payments by electronic funds transfer for recipients who began receiving such payments on or after January 1, 1995.

Clinger-Cohen Act of 1996 (formerly known as the Information Technology Management Reform Act)

The Clinger-Cohen Act requires agencies to use a disciplined capital planning and investment control process to maximize the value and assess and manage the risks of the information technology acquisitions. The Act requires that agencies establish goals for improving the efficiency and effectiveness of agency operations and, as appropriate, the delivery of services to the public through the effective use of information technology; prepare an annual report . . . on the progress in achieving the goals; ensure that performance measurements are prescribed for information technology used by, or to be acquired for, the executive agency and that the performance measurements measure how well the information technology supports programs of the executive agency; where comparable processes and organizations in the public or private sectors exist, quantitatively, benchmark agency process performance against such processes in terms of cost, speed, productivity, and quality of outputs and outcomes; analyze the missions of the executive agency and, based on the analysis, revise the executive agency's mission-related

processes and administrative processes as appropriate before making significant investments in information technology that is to be used in support of the performance of those missions; and ensure that the information security policies, procedures, and practices of the executive agency area adequate.

Federal Financial Management Improvement Act of 1996 (FFMIA)

The FFMIA requires agencies to have financial management systems that substantially comply with the Federal financial management systems requirements, standards promulgated by the Federal Accounting Standards Advisory Board (FASAB), and the U.S. Standard General Ledger (USSGL) at the transaction level. Financial management system shall have general and application controls in place in order to support management decisions by providing timely and reliable data. The agency head shall make a determination annually about whether the agency's financial management systems substantially comply with the FFMIA. If the systems are found not to be compliant, management shall develop a remediation plan to bring those systems into substantial compliance. Management shall determine whether non-compliances with FFMIA should also be reported as non-conformances with Section 4 of FMFIA.

Government Paperwork Elimination Act (GPEA)

GPEA was enacted to make government service delivery more efficient while ensuring baseline standards for electronic signatures across federal agencies.

OMB Circular A-130, Management of Federal Information Resources

This circular establishes uniform government-wide policies for the management of federal information resources required by the Paperwork Reduction Act of 1980, as amended by the Paperwork Reduction Act of 1995. The Paperwork Reduction Act mandates that agencies perform their information resources management activities in an efficient, effective, and economical manner. Agencies are to evaluate their information resources management practices to determine the adequacy and efficiency and compliance with information resources management policies, principles, standards, and guidelines promulgated by the Director, OMB.

In addition to the requirements of Circular A-130, the **Federal Information Security Management Act (FISMA) of 2002** (part of the Electronic Government Act of 2002, Title III), assigned specific responsibilities to agencies to strengthen information system security. FISMA requires the head of each agency to implement policies and procedures to cost-effectively reduce information technology security risks to an acceptable level. To ensure the adequacy and effectiveness of information security controls, FISMA requires agency program officials, Chief Information Officers, and Inspectors General to conduct annual reviews of the agency's information security program and report the results to OMB.

Improper Payments Information Act (IPIA) of 2002

The IPIA requires agencies to review and “. . . identify programs and activities that may be susceptible to significant improper payments.” Agencies must annually submit estimates of improper payments, corrective actions to reduce the improper payments, and statements as to whether its current information systems and infrastructure can support the effort to reduce improper payments. The nature and incidence of improper payments shall be considered when assessing the effectiveness of internal control.

Federal Information Security Management Act (FISMA) of 2002

FISMA, part of the Electronic Government Act of 2002, Title III, assigned specific responsibilities to agencies to strengthen information system security. FISMA requires the head of each agency to implement policies and procedures to cost-effectively reduce information technology security risks to an acceptable level.

Sarbanes-Oxley Act of 2002

Section 404 of the Public Company Accounting Reform and Investor Protection Act of 2002 (Sarbanes-Oxley Act), requires every annual report of public companies to include management’s assessment on the effectiveness of the entity’s internal controls.

OMB Circular A-133, Single Audit Act

The Single Audit Act, as amended June 21, 2005, requires financial statement audits of non-Federal entities that receive or administer grant awards of Federal monies. The financial statement audits include testing the effectiveness of internal control and determining whether the award monies have been spent in compliance with laws and regulations. Each Federal agency which provides Federal awards shall review audits of the recipients to determine whether corrective actions are implemented with respect to audit findings.

OMB Circular A-123, Management’s Responsibility for Internal Control (formerly Management Accountability and Control)

Circular A-123 defines management’s responsibility for internal control. The policy changes in this circular are intended to strengthen the requirements for conducting management’s assessment of internal control over financial reporting and emphasize the need for agencies to integrate and coordinate internal control assessments with other internal control-related activities. This circular emphasizes the need for integrated and coordinated internal control assessments that synchronize all internal control-related activities. Agencies and individual Federal managers must take systematic and proactive measures to develop and implement appropriate, cost effective internal controls for results-oriented management; assess the adequacy of internal control in Federal programs and operations; separately assess and document internal control over financial reporting; identify needed improvements; take corresponding corrective action; and report annually on internal control through management assurance statements.

OMB Circular A-11, Preparation, Submission, and Execution of the Budget

This circular provides an overview of the budget process, including the basic laws that regulate the budget and the terms and concepts needed to understand the budget process. Circular A-11 provides instructions for preparing and submitting materials required for OMB and Presidential review of agency requests and for formulation of the fiscal year 2007 Budget, including development and submission of a performance budget, which replaces the annual performance plan required by the Government Performance and Results Act for fiscal year 2007. This circular also covers Federal credit programs, strategic plans and annual program performance reports, and provides an overview of the performance budget. Planning, budgeting, and acquisition of capital assets is discussed and instructions are provided for preparation and submission.