

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF INDIAN AFFAIRS  
Washington, D. C. 20242

BIAM Release 42-1

December 3, 1968

Memorandum

To: All Holders of Indian Affairs Manual  
Indian Tribal Governing Bodies

From: Assistant Commissioner for Administration

Subject: 42 BIAM 0 and 42 BIAM 1, Financial Management

This is the initial release under the new Bureau manual system pertaining to the basic portion of the Financial Management System. It contains the table of contents and the principles and standards relative to the (a) organizational functions, (b) authority and legal requirements, (c) objectives of the Bureau's financial management system, (d) responsibility for financial programming, budgeting, accounting, reporting, and internal auditing, and (e) accounting principles and standards.

(Sgd) J. L. Norwood

Assistant Commissioner  
for Administration

Filing instructions:

- (a) Remove 42 IAM 1.0 through 42 IAM 1.6  
dated 6-29-64 (5 sheets)
- (b) Insert 42 BIAM 0 through 42 BIAM  
1.5.17 A (cont) dated December 3, 1968 (7 sheets)
- cc: Surpame  
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BIA, office of Management & Admin.,  
Folder 110.1, BIA Manual - Part 42 BIAM,  
1968-1973

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1. Principles and Standards. These principles and standards are prescribed in accordance with the requirements of 2 GAO 27 and 28. See 42 BIAM 1, Supplement 1, for detailed procedures.
- 1.1 Organizational Functions. Organizational functions for the Bureau and its Financial Management activities are as described below:
  - 1.1.1 Bureau. Each Bureau manager at every level must consider financial management as an integral part of his managerial responsibilities. He must measure and evaluate where a program has been, where it is going, what it has accomplished, what is yet to be accomplished, and what are the resources used and available at each of these successive stages in relation to what was planned and what has actually happened. See 5 BIAM for the overall Bureau organization and organizational concepts and functions.
  - 1.1.2 Financial Management. The Central Office Division of Financial Management is a staff organization reporting to the Assistant Commissioner for Administration. Its organizational structure includes separate segments for systems and procedures, control accounts, investments, research and claims, reports, Indian Service Special Disbursing Agent, and trust funds. The Division is located in Albuquerque, New Mexico, except for the trust fund unit which is located in Washington, D. C., for archives research purposes, and a Financial Liaison Officer, also located in Washington, D. C., for liaison purposes at the national level. Financial Management organizations at Area, Agency and local facility levels vary according to the size and type of operations.
  - 1.1.3 Functions. Financial management is that part of the total Bureau management which is concerned primarily with the financial affairs of the Bureau and the translation of actions, both past and proposed, into meaningful and relevant information for use by Bureau and other management officials. It includes such functions as accounting, reporting, cash management, financial control of resources, systems development, and the furnishing of information to other Bureau officials for use in programming, budgeting, cost reduction, internal auditing, and management analysis.

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1.2 Authority and Legal Requirements.

- 1.2.1 The Budget and Accounting Procedures Act of 1950, (64 Stat. 932) as amended provides that the head of each executive agency shall be responsible for establishing and maintaining systems of accounting and internal control which conform to the principles, standards and related requirements prescribed by the Comptroller General of the United States. The act requires that executive agency accounting systems be approved by the Comptroller General when deemed by him to be adequate and in conformity with the principles, standards, and related requirements prescribed by him.
- 1.2.2 Antideficiency Act and Amendments (16 Stat. 230, 251; 33 Stat. 1214, 1257; 64 Stat. 595, 765; 70 Stat. 782;). The purposes of this legislation are to prevent overobligations of funds, to provide for more orderly rate of obligation throughout the year, to fix responsibility for exceeding apportionments, and to provide a more orderly system of fund control.
- 1.2.3 Budget and Accounting Act of 1921. (42 Stat. 20). Requires performance-type or cost-based budgets.
- 1.2.4 Federal Property and Administrative Services Act of 1949 (63 Stat. 357). Requires monetary accounting for property.
- 1.2.5 Act of August 26, 1954 (68 Stat. 800). Strengthens control over the recording and reporting of obligations, prohibits the recording of an obligation unless it is supported by valid documentary evidence, requires requests for proposed appropriations to be supported by the head of each Federal agency with a statement that the obligations reported are valid.
- 1.2.6 Act of August 1, 1956 (70 Stat. 782). Requires development of fund requests from a cost-based budget, requires development of accounting systems on an accrual basis in order to facilitate development of cost-based budgets, and requires "(1) consistency in accounting and budget classifications, (2) synchronization between accounting and budget classifications, and organizational structure, and (3) support of the budget justifications by information of performance and program costs by organizational units."
- 1.2.7 Expenditure of Appropriations by Bureau of Indian Affairs, Act of November 2, 1921 (42 Stat. 208, 25 U.S.C. 13). This act

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provides that the Bureau of Indian Affairs, under the supervision of the Secretary of the Interior, shall direct, supervise, and expend such moneys as Congress may from time to time appropriate, for the benefit, care, and assistance of the Indians throughout the United States, for certain other purposes, and for general and incidental expenses in connection with the administration of Indian Affairs.

- 1.2.8 Accounts between United States and Tribes under Reimbursable Appropriations. Acts of April 4, 1910 (36 Stat. 270), June 10, 1921 (42 Stat. 24), (25 U.S.C. 145). These acts require statements of annual accounts between the United States and each tribe of Indians arising under appropriations made, which by law are required to be reimbursed to the United States, crediting in said accounts the sums so reimbursed; and the payment out of any trust funds belonging to such tribes all balances due the United States.
- 1.2.9 Disposal of Miscellaneous Revenues from Indian Reservations, etc., Acts of March 3, 1883 (22 Stat. 590); March 2, 1887 (24 Stat. 463); May 17, 1906 (44 Stat. 560); May 29, 1928 (45 Stat. 991); (25 U.S.C. 155). These acts provide that all miscellaneous revenues derived from Indian reservations, agencies, and schools, with some exceptions, which are not required by existing law to be otherwise disposed of, shall be covered into the United States under the caption "Indian Moneys, Proceeds of Labor," and are made available for expenditure, in the discretion of the Secretary, for the benefit of the tribes, agencies, and schools on whose behalf they are collected.
- 1.2.10 Deposit in Treasury of Trust Funds, Act of April 1, 1890 (21 Stat. 70, 25 U.S.C. 161). This act authorizes the Secretary to deposit in the Treasury of the United States, any and all sums held by him on the date of the act, or which may be received as trustee, on account of the redemption of United States bonds, or other stocks and securities belonging to the Indian trust fund, and all sums received on account of sales of Indian trust lands. It provides that the United States shall pay interest semi-annually, from the date of deposit, at the rate per annum stipulated by treaties or by law.
- 1.2.11 Tribal Trust Funds, Rate of Interest, Acts of February 12, 1929 (45 Stat. 1164), June 13, 1930 (46 Stat. 584). (25 U.S.C. 161a). These acts provide that tribal trust funds, with account balances

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exceeding \$500, carried in principal accounts in the Treasury Department, shall bear simple interest at the rate of 4 per centum per annum.

- 1.2.12 Tribal Trust Funds, Separate Accounts, Act of June 13, 1930 (46 Stat. 584, 25 U.S.C. 161b). This act requires that all tribal trust funds mentioned in paragraph 8 above shall be carried on the books of the Treasury in separate accounts for the respective tribes.
- 1.2.13 Trust Funds, Investments, Act of June 24, 1938 (52 Stat. 1037, 25 U.S.C. 162a). This act authorizes the Secretary to deposit tribal and individual trust funds in banks at higher rates of interest than can be obtained from the Treasury, to invest such funds in public-debt obligations of the United States, and to invest such funds in bonds, notes, or other obligations which are unconditionally guaranteed as to both interest and principal by the United States.
- 1.2.14 Revolving Fund for Loans, Act of May 7, 1948 (62 Stat. 211, 25 U.S.C. 482). This act authorizes the Secretary to make loans from the revolving fund to tribes, bands, groups, and individual Indians.