

CHAPTER 9

INTERNAL CONTROL AND AUDIT

Section 901. Examination Prior to Payment.

.01 General. The primary objective of an administrative examination of vouchers and other disbursement documents prior to payment is to provide assurance that the Government is being protected; that the claim represents a valid obligation of the United States; that funds from which the proposed payment is to be made are available for the purpose; and that payment is being made pursuant to applicable laws, regulations and directives. The importance of a thorough examination cannot be overemphasized. A proper examination will, in all probability, enable the General Accounting Office to complete an audit promptly, whereas a careless, haphazard examination may result in numerous exceptions and delays in the final audit and clearance of the accounts. Section 203 of Chapter 2 and Sections 604 to 609 of Chapter 6, of this Part of the Manual, contain detailed information and instructions on the preparation of vouchers and other basic material.

.02 Reference Material. In order to perform an adequate administrative examination, the voucher examiner must have available the necessary reference material and must be fully acquainted with the rules, regulations, and procedures contained in such material. Among the material which the examiner should have available are the following:

- A. Copies of applicable appropriation laws.
- B. Executive Order 9805, as amended.
- C. General Regulations of the General Accounting Office.
- D. Copies of applicable Accounts and Procedures Letters and Accounting Systems Memoranda of the General Accounting Office.
- E. Copies of all published Comptroller General decisions and all unpublished decisions applicable to the Bureau of Indian Affairs.
- F. A current file of procurement regulations, bulletins, and suppliers schedules relative to purchases from General Services Administration, Bureau of Federal Supply, Committee on Purchases of Blind-made Products, and Federal Prison Industries.

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Section 902. Administrative Examination of Accounts.

- .01 General. Pursuant to the authority contained in Section 119 of the Accounting and Auditing Act of 1950 (Public Law 784, approved September 12, 1950), the accounting offices and positions in the list attached to this Section have been designated to receive, examine, reconcile and approve fiscal officers' accounts (Exhibit A).
- .02 Decentralization of Administrative Examination. The primary basic criteria for the decentralization of the administrative examination of accounts are (1) that designated operating procedures are established to assure that all financial transactions will be completely reviewed and audited prior to payment or deposit and recording on the accounting records, (2) formal procedures are in force to provide a reconciliation of disbursing officers' accounts current with the accounting records prior to approval, and (3) internal procedures are in effect to determine that the requirements under (1) and (2) above are being followed.
- .03 Regional Disbursing Officer's Account. Upon receipt of the original account current from the Regional Disbursing Office, the amounts shown thereon shall be reconciled with balances in the general ledger accounts maintained at the designated accounting office. Discrepancies should be immediately called to the attention of the Regional Disbursing Officer with complete details. When the reconciliation of the account current has been completed, it should be certified by the designated officer in the space provided therefor and the date of certification shall be shown. The account current shall be reconciled and certified not later than twenty days after receipt by the designated official. This reconciliation and certification of the accounts does not contemplate or require an administrative post audit of individual documents. Under the on-site audit procedures, the accounts current, all vouchers, contracts, schedules, and other supporting documents shall be retained at the designated accounting offices. These records, with the exception of vouchers, covering transportation services and supporting documents, are to be retained for a period of six years unless circumstances at a later date should require the fixing of a different period not in excess of ten years, and then are to be subject to disposition as directed by the General Accounting Office. Vouchers covering transportation services will be forwarded to the General Accounting Office immediately after the close of the fiscal year unless designated accounting offices are otherwise instructed. It will be necessary that certain of the retained records be available to accredited representatives of the Comptroller General, or forwarded upon request of the General Accounting Office, for their use in investigation of financial transactions,

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the settlement of accounts and claims, the rendering of decisions, consideration of cases under litigation or other matters pertaining to the functions of that office. Any expenses incident to the transportation or servicing of such records are required to be borne by the field office concerned.

A. Reconciliation of Account Balances. A statement to effect a reconciliation of account current balances with the balances shown on the accounts of the accounting office shall be prepared at each office designated to receive, examine, reconcile and approve fiscal officer's accounts. A separate reconciliation shall be prepared for each account listed on the account current and shall be filed with the account current at the location where the accounting records are maintained. Forms for use in making the reconciliation are attached to this Section (Exhibit B and C). These forms may be reproduced locally in such quantities as may be necessary. Exhibit C may be reproduced on the reverse of Exhibit B if desired.

.04 Indian Bureau Special Disbursing Agent's Account. Indian Bureau Special Disbursing Agent's accounts current and supporting documents shall be assembled at the accounting office. After the account has been reconciled, examined, and approved, the certificate on the reverse of the account current in the block entitled, "Examined and Approved" shall be signed and dated by the designated officer not later than ten days after receipt by this official. Under the on-site audit procedures the original account current and all supporting documents shall be retained at the designated accounting office (see sub-section .03 above). One legible signed copy of the account current, however, shall be transmitted to the Treasury Department, Bureau of Accounts, Division of Bookkeeping and Warrants, Washington 25, D. C.

A. Reconciliation of Subsidiary Account Balances. When subsidiary Individual Indian Accounts and Deposit Fund Accounts are maintained at points other than the office of the Special Disbursing Agent, a monthly statement of reconciliation must be prepared and submitted by a deputy disbursing agent who is charged with the responsibility for the maintenance of the subsidiary accounts. A form for use in making such a reconciliation statement is attached to this Section (Exhibit D). This form may be reproduced locally in such quantities as may be necessary. This report must be promptly reconciled with the general ledger control accounts and filed with the account current for review by interested auditors.

BUREAU OF INDIAN AFFAIRS

List of Accounting Offices and Positions Designated to
Receive, Examine, Reconcile, and Approve Fiscal Officers'
Accounts as of November 1, 1951

<u>Accounting Office</u>	<u>Official to Receive Accounts Current</u>	<u>Finance Office Station Number</u>
Aberdeen Area Office	Area Director Aberdeen, South Dakota	20-1-1
Albuquerque Area Office	Area Director Federal Building Albuquerque, New Mexico	20-2-1
Anadarko Area Office	Area Director Federal Building Anadarko, Oklahoma	20-3-1
Osage Agency	Superintendent Pawhuska, Oklahoma	20-3-2
Billings Area Office	Area Director 804 North 29th Street Billings, Montana	20-4-1
Juneau Area Office	Area Director Juneau, Alaska	20-5-1
Menominee Agency	Superintendent Neopit, Wisconsin	20-6-2
Red Lake Agency	Superintendent Red Lake, Minnesota	20-6-3
Muskogee Area Office	Area Director Federal Building Muskogee, Oklahoma	20-7-1
Phoenix Area Office	Area Director P. O. Box 7007 Phoenix, Arizona	20-8-1

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EXHIBIT A - Cont.

Portland Area Office	Area Director Swan Island Bldg. 1 Portland 18, Oregon	20-9-1
Klamath Agency	Superintendent Klamath Agency, Oregon	20-9-2
Sacramento Area Office	Area Director Federal Building Sacramento, California	20-10-1
Window Rock Area Office	Area Director Window Rock, Arizona	20-11-1
Intermountain School	Superintendent P. O. Box 345 Brigham City, Utah	20-11-2
Washington Office	Chief, Branch of Budget and Finance Bureau of Indian Affairs Department of the Interior Washington 25, D. C.	20-25-1

Note: The first digits, 20, represent the number assigned to the Bureau of Indian Affairs; the second digits represent the Area number; and the third digits represent the station number.

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VERIFICATION OF ACCOUNTS CURRENT AND RECONCILIATION OF BALANCE DUE U.S.

X Y Z Administration

Location of Agency's
General Ledger Account Atlanta, Ga.February 1951
Period of AccountDisbursing Officer John Doe
Location Atlanta, Ga.
Symbol 406

APPROPRIATION (Symbol)	GENERAL LEDGER BALANCE	IN TRANSIT ITEMS (as per detailed schedule in agency files)		EXCEPTIONS OR DIFFERENCES (Explained in attached schedule)		BALANCE DUE U.S. AS REPORTED ON ACCOUNTS CURRENT
	<u>2-28-51</u> (Date)	Debits	Credits	Debits	Credits	
A	\$ 977,370.27	\$100.00	\$1,547.94	-	-	\$ 978,818.21
B	446,047.28	-	61.25	-	-	446,108.53
C	368,212.69	-	46.75	-	-	368,259.44
D	69,036.01	-	-	\$252.90	-	68,783.11
E	955,017.61	-	-	-	\$252.90	955,270.51
TOTALS	\$2,815,683.86	\$100.00	\$1,655.94	\$252.90	\$252.90	\$2,817,239.80

I certify the foregoing analysis is correct.

(Signature)

SUPERSEDED BY REL. 42-82, 10/20/6

SCHEDULE OF ITEMS SUMMARIZED
 UNDER THE HEADING EXCEPTIONS OR DIFFERENCES
 RELATING TO THE ACCOUNTS CURRENT OF THE MONTH OF February, 1951

Agency X Y Z Administration
 Location of General Ledger Account Atlanta, Ga.

Disbursing Officer John Doe
 Location Atlanta, Ga.
 Symbol 406

APPROPRIATION	REFERENCE	DESCRIPTION OF ITEMS	AMOUNT	ACTION TAKEN TO ADJUST
D	No. 333 dated	Form 1096 No. 333 incorrectly summarized on X Y Z Administration schedule as a credit to Appropriation "E", should have been credited to Appropriation "D"	\$252.90	S.F. 1097 No. ____, submitted to the Disbursing Officer and accomplished during the month of _____.
E	"	"	"	"