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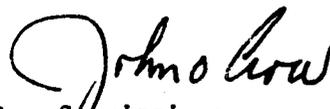
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF INDIAN AFFAIRS  
WASHINGTON, D. C. 20240

Indian Affairs Manual Release 24-2  
September 25, 1964

Memorandum

To: Holders of 24 IAM  
From: Commissioner  
Subject: 24 IAM, Internal Audit

This release is issued to update existing material on this subject and to prescribe the routing requirements for GAO audit reports.

  
Acting Commissioner

Filing instructions for material transmitted:

- (a) Remove superseded material:  
24 IAM 1 (including Table of Contents) dated 5-8-57      3 sheets
- (b) Insert new material transmitted:  
24 IAM 1 (including Table of Contents) dated 9/25/64      3 sheets
- (c) Pen-and-ink changes:  
None

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1 INTERNAL AUDIT1.1 Organization, Objectives, Policy, and Benefit.1 Organization

- A. Authority. Section 113 of the Budget and Accounting Procedures Act of 1950 (P. L. 784, 81st Congress) provides in part:

"The head of each executive agency shall establish and maintain systems of accounting and internal control designed to provide \* \* \* effective control over and accountability for all funds, property, and other assets for which the agency is responsible, including appropriate internal audit." (Underscoring supplied.) (See Department of the Interior Departmental Manual 348.)

- B. Central Office. The internal audit activities are administered under the direction of the Chief, Office of Audit, who reports to the Deputy Commissioner.

- C. Field Office. The Office of Audit has one field office at Salt Lake City, Utah under the direction of a Supervisory Auditor who reports to the Chief, Office of Audit.

- .2 Objectives. The primary objective of internal auditing is to assist administration in achieving an effective, efficient, and economical management of the Bureau's operations. This objective requires that the internal auditor carry on activities which will assure protection of the Bureau's interest and aid in the continued improvement of the various operational phases. The accomplishment of these objectives includes a review of the Bureau's diversified financial affairs; a testing of the sufficiency of controls established to prevent dissipation of the Bureau's property and other assets; a determination that Manual procedures are being complied with, as well as an appraisal of these procedures; and making recommendations to strengthen effectiveness and increase efficiency of operations.

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- .3 Policy. To periodically effect a thorough and complete internal audit of the Bureau's Central Office and field installations. The internal auditor will advise and consult with appropriate Bureau officials both in the field and at the Central Office regarding deficiencies found. The internal auditor is responsible for reporting deficiencies and weaknesses so that procedures necessary for corrective action may be developed. The internal auditor is not responsible for developing these procedures. Internal audit in no way relieves officials of their responsibilities for inspection of their respective operations and proper supervision over such operations.
  - .4 Benefit of Audit. Adequate internal audit will permit early disclosure of deficiencies so that corrective action may be taken without delay. This will benefit the administration of Bureau programs and in addition should have the advantage of reducing time and work involved in the comprehensive audit made by the General Accounting Office.

### 1.2 Functions.

- .1 Scope of Audit. The internal auditors will from time to time effect an audit of the Bureau's Central Office and field installations. In accomplishing their objective the internal auditors shall include -- but not necessarily be limited to -- the following activities:
  - A. Protection of Assets. The auditors shall determine whether all assets are properly utilized and accounted for and whether adequate controls are established to protect such assets from theft, deterioration, or misuse. The auditors shall report, wherever observed, indications of dishonest or fraudulent acts, or the existence of practices which could lead to fraud, dishonesty, or loss to the Government.
  - B. Establishment of Reliability of Accounting and Supporting Data. The auditors shall verify the correctness of accounts and make a determination as to whether acceptable accounting principles are followed, confirm the validity of data produced by the regular accounting processes, and review accounting and supporting statistical or operating reports and records for accuracy and usefulness to management.

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- C. Review of Financial and Operating Procedures. The Auditors shall review the adherence to financial and operating policies, plans and procedures of the Bureau. This includes (1) an appraisal of the extent to which information about policies, plans and procedures are effectively distributed, understood and accepted by officials and employees including recommendations to strengthen effectiveness and increase efficiency of operations; (2) whether records maintained are necessary and adequate in meeting the needs of the Bureau; (3) whether proper internal controls are provided and followed; and (4) identifying and reporting those areas in which it appears that corrective action should be taken.
- .2 Audit Procedures and Reporting. In the conduct of audits, the auditors shall bring to the attention of the officials responsible for taking corrective action in the activity being audited, as well as other appropriate levels of management in the Bureau, any inefficiency or waste in operations observed. Upon completion of the audit, an informative report including an adequate financial statement shall be prepared setting forth the audit findings and recommendations. This report, together with two copies of the auditors' working papers and two copies of all Agency and Area memoranda referred to, shall be submitted to the Chief, Office of Audit, Bureau of Indian Affairs, Department of the Interior, Washington, D. C. 20240. After any necessary correspondence between this office and the Field Audit Office, a final report will be prepared and submitted to the Deputy Commissioner for his review and approval. Following approval by the Deputy Commissioner, three copies of the report shall be sent to the Office of Survey and Review, Department of the Interior. Two of these copies will be for the use of the General Accounting Office in connection with its comprehensive audit program. One copy of the approved report will be returned to the Field Audit Office. Sufficient copies of the approved report will be sent to the Inspection Office of the Bureau (including one copy of the auditors' working papers and one copy of all Agency and Area memoranda) for distribution to the Central Office Branch Chiefs concerned, as well as the Area Office.
- .3 Relationship to GAO Comprehensive Audit. In addition to the two copies of the approved report forwarded to the GAO the working papers supporting this report, filed in the Inspection Office, Central Office, will be made available for review by GAO auditors on request.

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- .4 GAO Audit Reports. A copy of all regional GAO audit reports received at Area Offices or other installations should be forwarded to the Inspection Office, Bureau of Indian Affairs, Department of the Interior, Washington, D. C. 20240 with six copies of the reply being made.

All other GAO audit reports received from the Department or other source should be routed to the Inspection Office for processing.

- 1.3 Responsibility of Officer in Charge of Area, Agency, Subagency, Project, or Other Installation. The auditors shall be accorded all possible assistance when making an audit and it shall be the responsibility of the officer in charge to see that the necessary documents, records and files, as well as adequate working space and facilities, are made available for the use of the auditors.
- 1.4 Correspondence. Generally, all correspondence relative to the Audit Program should be directed to the attention of the Chief, Office of Audit, Bureau of Indian Affairs, Department of the Interior, Washington, D. C. 20240.