

Allowing Lump-sum Draw Downs of Temporary Assistance for Needy Families (TANF), Native Employment Works (NEW) and Child Care and Development Fund (CCDF)

2. How should lump-sum funds be accounted for?

Lump-sum drawdown/payment funds must be retained in clearly identifiable cash or investment accounts which are readily accessible for payment of allowable expenditures in accordance with approved P.L. 102-477 plans and, to the extent practical, earn interest. This does not require tribal government to open a separate account with a financial institution or other investment manager. All eligible funds deposited in an appropriate account and earmarked as P.L. 102-477 demonstration project funds will be identified as such. Investments of lump-sum payments must comply with 25 USC 450e-3, "Investment of Advance Payments; Restrictions." All interest earned must be used on allowable expenditures in accordance with the approved P.L. 102-477 plan from which it was derived and in compliance with applicable requirements. HHS will request OMB to update the Circular A-133 Compliance Supplement so that it is clear that auditors should verify that unexpended cash and investments are identifiable and available for use in accordance with approved P.L. 102-477 plan, similar to the requirements currently described in the Bureau of Indian Affairs (BIA) Cross-Cutting Section of the Compliance Supplement-Special Tests and Provisions at 4-15.000-4 as well as respond to Office of Inspector General (OIG) risk alerts.

Note: The September 30, 2011 Tribal Leader Letter and the original version of these FAQs indicated that earned interest must be used for allowable expenditures of the program from which it was derived. However, this policy was changed for the interim period to allow the interest earned to be used in accordance with the Tribe's approved P.L. 102-477 Plan. The policy stated in the Compliance Supplement supersedes the Tribal Leader Letter and original FAQs; therefore FAQ 2 (above) has been updated to be consistent with the Compliance Supplement.

Changes to OMB Circular A-133 Compliance Supplement to recognize the flexibility provided to P.L. 102-477 demonstration projects

5. What changes have been made to the 2009, 2010, and 2011 Compliance Supplements?

Effective October 1, 2011, the requirements contained in the 2009, 2010, and 2011 Compliance Supplements in the BIA Cross-Cutting Section page 4-15.000-4, IV. Other Information, are suspended. During this interim period, the auditor should use the approved P.L. 102-477 plan in determining compliance requirements to be tested. The auditor is permitted to audit the P.L. 102-477 demonstration project as a cluster of programs.

Auditors should not report audit findings that were identified based upon testing of the requirements in the suspended Compliance Supplement page. Any completed audits which reported audit findings or modifications of opinion for the page suspended do not need to be amended. The auditor is not required to consider audit findings or modifications of audit opinions for completed audits which were based solely on the page suspended when the auditor is performing the risk based approach under OMB Circular A-133 in the two subsequent year audits. Tribal governments are not required to take corrective action and the respective Federal agencies will not follow-up on audit findings based solely on the page suspended. For example, a material non-compliance or material weakness in internal control over compliance based solely on the page suspended would not preclude a program from being low risk or an entity from qualifying as a low risk auditee in the two subsequent year audits.