TO: All Tribal Government Leaders and Tribally Designated Housing Entities (TDHE)

FROM: Jacqueline Johnson, Deputy Assistant Secretary, P

TOPIC: Audits

SUBJECT: Combining Tribal and TDHE Audits

Situation:

A Tribally Designated Housing Entity (TDHE) uses the tribal accounting department and personnel department to service its operations. The TDHE is legally established as a separate entity rather than a department of the tribal government. The TDHE spends more than $300,000 so it is required to obtain a financial audit of its programs as required by the Single Audit Act and OMB Circular A-133. The TDHE has reached an agreement with the tribe to include the TDHE’s programs in the tribe’s annual audit.

Question:

Can the tribe and TDHE combine their programs into one audit or, because the TDHE is a separate legal entity, does it have to procure its own separate audit?

Response:

Extract from OMB Circular A-133

Subpart E--Auditors

§__.500 Scope of audit.

(a) General. The audit shall be conducted in accordance with GAGAS. The audit shall cover the entire operations of the auditee; or, at the option of the auditee, such audit shall include a series of audits that cover departments, agencies, and other organizational units which expended or otherwise administered Federal awards during such fiscal year, provided that each such audit shall encompass the financial statements and schedule of expenditures of Federal awards for each such department, agency, and other organizational unit, which shall be considered to be a non-Federal entity. The financial statements and schedule of expenditures of Federal awards shall be for the same fiscal year.

A TDHE could be considered an "agency" or "other organizational unit" of an Indian tribe for audit purposes even though it is established as a separate legal entity.
NAHASDA GUIDANCE 00-01 Tribe

entity. At the discretion of the tribe and TDHE, the TDHE’s audit obligations could be discharged by including their operations in the tribe’s Single Audit Act audit or they could be included in the tribe’s audit contract for separate audits that cover tribal departments, agencies, etc.

If a tribe and TDHE choose to combine their activities in a single audit, they are reminded that section .310(a) of the Circular applies; i.e. financial statements for the TDHE must be included in the tribe’s financial statements.

The local ONAP area office tracks receipt of audits from TDHEs. If a consolidated audit for the tribe and TDHE is being prepared, the local ONAP should be notified to facilitate audit tracking.