

SINGLE AUDIT REPORT HANDBOOK



5 IAM 2-H

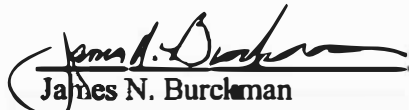
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SINGLE AUDIT REPORT HANDBOOK 5 IAM 2-H

FOREWORD

This purpose of this handbook is to document the Single Audit reporting process, including examples of memorandums, letters, and other documents used throughout the process. The examples of memorandums and letters should be considered guidance as it is not possible to create an example to cover every possible scenario. It is the responsibility of the writer to tailor the document(s) to each specific situation. This handbook is the companion to the Indian Affairs policy 5 IAM 2: Single Audits.



James N. Burckman

Acting Deputy Assistant Secretary – Indian Affairs (Management)

8/26/16

Date

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Introduction

As explained in the Foreword, the purpose of this handbook is to document the required procedures for initiating, resolving, and closing out Single Audit reports. This handbook is the companion to the Indian Affairs policy 5 IAM 2: Single Audits.

Title 2, Code of Federal Regulations, Chapter II, Part 200 (2 CFR 200) requires non-Federal entities expending \$750,000 or more in Federal funds during a fiscal year (FY) to have a Single Audit conducted for that year. However, for FYs beginning prior to December 26, 2014 the threshold is \$500,000. The 2 CFR 200 requires that the Single Audit reports be submitted to the Federal Audit Clearinghouse (FAC). In addition, P.L. 93-638 requires each applicable recipient submit a Single Audit report to the Secretary of the Department of the Interior (DOI). The Indian Affairs (IA) Division of Internal Evaluation and Assessment (DIEA) has been designated as the office to receive Single Audit reports from Indian Tribes and Tribal organizations.

Definitions

- A. Awarding Official (AO)** includes IA Awarding Officials, Grant Officers, Education Line Officers (ELOs), and others who have delegated authority to award Self-Determination contracts, Self-Governance funding agreements, Tribally-controlled school grants, or other grant assistance on behalf of the DOI Secretary.
- B. DIEA Director** is the IA contact designated as the Audit Liaison Officer (ALO) to receive all Single Audit reports on behalf of the Assistant Secretary-Indian Affairs (AS-IA).
- C. Disallowed Cost** (sometimes referred to as “sustained cost”) is a questioned cost identified by the auditor that the AO determines should not have been charged to the Federal financial assistance program.
- D. Division of Self-Determination Services (DSDS)** is the IA office that provides audit oversight, training, and technical assistance to AOs and other Governmental and Tribal entities regarding Single Audit related issues.
- E. Federal Financial Assistance** includes assistance that recipients receive or administer in the form of ISDEAA contracts, grants, P.L. 93-638 funding agreements, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, direct appropriations, and other assistance.
- F. Findings and Determination (F&D) memorandum** is an AO’s written decision as to whether the audit findings have been addressed satisfactorily and whether questioned costs have been disallowed (sustained) or reinstated (allowed).
- G. Management Decision** is the determination by an AO that actions taken, or proposed to be taken, by the recipient will correct the deficiencies cited in the audit.
- H. Misapplication of Funds** is the expenditure of funds provided by IA for any purpose other than to pay costs for programs included in an IA funding agreement.

- I. Office of Financial Management (PFM)** is the Departmental oversight office responsible for tracking the collection of all Single Audit reports' related disallowed costs.
- J. Office of the Inspector General (OIG)** is designated as the National Single Audit Coordinator for the Department. This office is responsible for ensuring that the Single Audit reports meet the applicable auditing standards.
- K. Questioned Cost** is a cost that is questioned by the auditor or the DIEA because:
 - (1) of a violation or possible violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the use of Federal funds, including funds used to match Federal funds;
 - (2) the cost, at the time of the audit, was not supported by adequate documentation; or
 - (3) the cost incurred appears unreasonable and does not reflect the actions a prudent person would take in the circumstances; or
 - (4) of a deferred revenue deficit issue.
- L. Recipient** as used in this chapter includes Indian Tribes, Tribal organizations, Tribal consortia, secondary and post-secondary schools and school boards that receive funding from IA under a Self-Determination contract or grant, a Self-Governance funding agreement, Tribally-controlled school grant, or any other authorized grant program, such as the Indian Child Welfare Act or the Tribally Controlled College or University Assistance Act.
- M. Reinstated Cost** is a questioned cost that an AO has determined is an allowable charge to a Federal financial assistance program.
- N. Resolved Audit** means that the DIEA has accepted the management decision concerning the audit findings.
- O. Single Audit** is an audit which is conducted by an independent public accountant (audit firm) of a non-Federal recipient that includes the recipient's financial statements and Federal awards under the Single Audit Act.
- P. Tribe/Tribal Organization** includes federally recognized Indian Tribes, Alaska Native Villages, Indian health and welfare associations, schools operated pursuant to P.L. 93-638 contracts, and Tribally-controlled grant schools.

Process

A. Role of AOs and ELOs

AOs and ELOs have many responsibilities throughout the entire process. The responsibilities include:

1. Review available information provided in the recipient's Corrective Action Plan (CAP) in the Single Audit report, in contract or grant files, in reports of on-site IA reviews, or any other relevant data to determine if the audit report findings can be resolved with the information available. In some cases, the AO/ELO may be able to make determinations and a management decision about audit findings and questioned costs based on the recipient's CAP.
2. Request additional information from the recipient if the Single Audit report lacks a CAP or if the AO/ELO determines that additional supporting material is necessary.
3. Issue a management decision within 120 days after acceptance of the audit report by the FAC. The failure of the recipient to provide documents supporting the expenditure of Federal funds for questioned costs does not relieve the AO/ELO of the responsibility for issuing a timely management decision on whether the costs are reinstated (allowable) or sustained (unallowable).
 - (a) If all questioned costs are reinstated and all findings are resolved, the AO/ELO will notify the recipient, as appropriate, by letter, including a Findings and Determination (F&D) and the recipient's appeal rights under 25 CFR 2, 25 CFR 900, and 43 CFR 4. Copies of the recipient letter and F&D should be provided to DIEA with a memorandum recommending that the Single Audit report be closed; see Illustrations 8 and 9.
 - (b) If there are disallowed costs, the AO/ELO will issue a formal notice (letter) of the decision to the recipient, by certified mail. The letter must also include the recipient's appeal rights under 25 CFR 2, 25 CFR 900, and 43 CFR 4; see Illustration 12. A copy of the AO/ELO's F&D should also be attached. At the same time, a request to issue a Bill for Collection should be sent to the Interior Business Center (IBC); see Illustration 13.

In the event that a recipient appeals the decision, or payment/settlement negotiations are ongoing, the AO/ELO must notify IBC in writing to immediately cease all collection efforts; see Illustration 14. Additionally, the DIEA must be notified by memorandum of all management decisions and determinations, to include copies of the F&D and all correspondence to the recipients and IBC; see Illustrations 10 and 11.

If an AO/ELO receives an advanced copy of a Tribe/Tribal organization's Single Audit report, they do not have to wait for a memorandum from DIEA to begin reviewing the audit report and, if applicable, addressing the findings/issues. However, the AO/ELO should verify that the report was received by DIEA. The AO/ELO should review the audit report to determine whether it is a

complete reporting package and whether the CAP meets the requirements under 2 CFR 200.511(c).

If there was no CAP provided, or the AO/ELO believes the CAP provided does not meet the requirements or will not resolve the finding, the AO/ELO should contact the Tribe/Tribal organization and inform them that the CAP submitted was deficient or did not meet the requirements, and an appropriate CAP must be submitted.

B. Audit Report Scenarios

The following are several specific audit report scenarios and DIEA communication of the audit results:

1. No Audit Findings - No Questioned Costs - No Other Issues

If there are no findings or other issues identified in the report, DIEA will provide the AO/ELO with a copy of the report for their information and use. When there are no audit findings, questioned costs or other issues, notification from DIEA will indicate that a response is not required from the AO/ELO. The AO/ELO should advise the Tribe/Tribal organization that the report has been reviewed and because there were no findings or other concerns, no follow-up actions on the audit report will be taken by the Bureau.

2. No Federal Award Findings - No Questioned Costs - Other Issues

When there are no Federal award findings or questioned costs, there may be other issues detected by DIEA and identified in its memorandum. Other issues will primarily involve protection of Federal funds, the proper use of IA's funds, and the potential misapplication of Federal funds. DIEA may indicate that a response is necessary depending on the significance of the issue. If a response is requested, the AO/ELO will be required to provide a response within 120 days from the FAC acceptance date. The AO/ELO should follow-up with the auditee to discuss the issues and provide DIEA with the results of the discussion by the specified date. The AO/ELO's reply to DIEA should indicate the actions that the Tribe/Tribal organization will be taking to overcome the issue and what actions the AO/ELO may be taking to mediate the problem. Even when no reply is requested by DIEA, other issues in a current audit report can worsen if the matter is not discussed with the auditee and the auditee fails to take the necessary actions to address the issue.

3. Federal Award Findings - No Questioned Costs - No Other Issues

When there are Federal award findings with no questioned costs or other issues, the memorandum from DIEA will request a response. The AO/ELO must review the audit report and CAP, if included, and determine whether the planned actions will address the Federal award finding(s). If a CAP is not provided, the AO/ELO should contact the Tribe/Tribal organization and assist them, if necessary, in developing a CAP.

4. Federal Award Findings - No Questioned Costs - Other Issues

When there are Federal award findings with no questioned costs, but other issues, the memorandum from DIEA will request a response within 120 days from the date the audit report was accepted by the FAC. The AO/ELO must review the audit report and CAP(s), if included, and determine whether the planned actions will address the Federal award findings. The AO/ELO should also review the issues raised by DIEA and begin to address them with the Tribe/Tribal organization. DIEA may identify an amount of potentially misapplied funds (questioned costs) that will need to be addressed. The AO/ELO will need to issue an F&D to the Tribe/Tribal organization and provide copies of all correspondence to DIEA.

5. Federal Award Findings - Questioned Costs - No Other Issues

When there are Federal award findings with questioned costs and no other issues, the memorandum from DIEA will request a response within 120 days of the date the audit report was accepted by the FAC. The AO/ELO must review the audit report and CAP, if included, and determine whether the planned actions will address the Federal award findings. The AO/ELO should also determine whether the questioned costs should be sustained (disallowed) or whether the questioned costs should be reinstated (allowed). The AO/ELO will need to issue an F&D, including a disposition on the costs in question, to the Tribe/Tribal organization and provide copies of all correspondence to DIEA.

6. Federal Award Findings - Questioned Costs - Other Issues

When there are Federal award findings with questioned costs and other issues, the memorandum from DIEA will request a reply within 120 days of the date that the report was accepted by the FAC. The AO/ELO must review the audit report and CAP, if included, and determine whether the planned actions will address the Federal award findings. The AO/ELO should also determine whether the questioned costs should be sustained (disallowed) or whether the questioned costs should be reinstated (allowed). The AO/ELO will need to issue an F&D, including a disposition on the costs in question, to the Tribe/Tribal organization and provide copies of all correspondence to DIEA.

C. Questioned Costs

Questioned costs are costs that the auditor has questioned because of an audit finding or a potential misapplication of IA funds. Questioned costs include:

1. costs which resulted from a violation or possible violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the use of Federal funds, including funds used to match Federal funds;
2. where the costs, at the time of the audit, are not supported by adequate documentation; or

3. where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances;
4. deferred (unearned) revenue not supported by adequate cash and cash equivalents.

An AO/ELO can sustain (disallow) or reinstate (allow) the questioned costs, entirely or in part.

D. Misapplication of Federal Funds

A review of the recipient's financial statement will occasionally disclose one or more of the following conditions: a deficit cash balance in the general fund; insufficient balances in cash and investments to cover deferred revenue in the special revenue fund; or amounts "due from" other funds to the special revenue fund. Each of these situations warrants further scrutiny and deficit balances or amounts "due from" other funds should be considered for potential misapplication of funds. If it is determined that IA funds have been misapplied, the AO/ELO will document the misapplication of funds by issuing an F&D to take the following actions:

- 1) **Recovery of Misapplied Funds.** If cash provided for IA awards has been used for any other purpose by the recipient, the AO/ELO should recover the IA funds that have been misapplied. If a recipient has multiple IA awards, the total available cash and investment balances for IA awards should be compared to the total IA deferred revenue, so long as the recipient has not exceeded the total costs allowed under any of the awards.

In some instances, recipients have advanced funding from more than one Federal agency and may claim that there is sufficient cash to cover the IA awards, just not enough to cover all of the advanced funding. Unless the recipient provides evidence that IA funds are maintained in totally separate checking or savings accounts or investments, the AO/ELO will determine the proportionate share of the cash deficiency that is applicable to IA awards and recover that amount.

- 2) **Limit Allowances.** The AO/ELO will place the recipient on no less than quarterly allowances until a subsequent financial statement audit shows that the cash discrepancies have been corrected.

E. Safeguarding of Advanced Federal Funds

25 U.S.C. §450e-3 Investment of advance payments; restrictions

Advance payments made by the DOI to Indian Tribes, Tribal organizations, and Tribal consortia pursuant to the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) or the Tribally Controlled Schools Act of 1988 (25 U.S.C. 2501 et seq.) may on and after December 8, 2004, be invested by the Indian Tribe, Tribal organization, or consortium before such funds are expended for the purposes of the grant, compact, or annual funding agreement so long as such funds are:

- 1) invested by the Indian Tribe, Tribal organization, or consortium only in obligations of the United States, or in obligations or securities that are guaranteed or insured by the United States, or mutual (or other) funds registered with the Securities and Exchange Commission and which only invest in obligations of the United States or securities that are guaranteed or insured by the United States; or
- 2) deposited only into accounts that are insured by an agency or instrumentality of the United States, or are fully collateralized to ensure protection of the funds, even in the event of a bank failure.

If a Single Audit report indicates that the recipient has failed to comply with the above requirement, the AO/ELO will write to the recipient requesting evidence that the funds are properly deposited or invested. If the recipient fails to provide such evidence within 30 days, the AO/ELO will place the recipient on a quarterly payment schedule until the recipient provides evidence that the funds are secured as required by law.

F. Single Audit Reports Lacking a Timely Management Decision

Single Audit reports for which the AO/ELO has not made a management decision within 120 days of acceptance by the FAC are considered overdue. The DOI PFM will be notified by DIEA of all reports with overdue responses. PFM will contact the Director of BIA/BIE/OSG for an official explanation on the delay of each management decision. PFM will also require that a management decision be rendered on all outstanding audit reports within 30 days.

The Office of the Deputy Bureau Director, Indian Services, BIA and the Office of the Assistant Deputy Director, Administration, BIE, may make a management decision and issue an F&D on behalf of IA when a decision has not been issued by the principal AO/ELO within six months after acceptance of the report by the FAC. In such a case, they should provide copies of all correspondence to the recipients, the original AO, and the DIEA.

G. Closure of Single Audit Reports

1) Single Audit Reports with No Outstanding Disallowed Costs

If management decisions, including F&Ds, on Single Audit report findings/issues are acceptable, DIEA will close the audit. Notification to the AO/ELO who made the management decision and issued the F&D will be made via DIEA's monthly Single Audit Status Report.

2) Single Audit Reports with Disallowed Costs

DIEA provides monthly notifications to PFM on all audit reports that have been resolved but remain open for debt collection tracking purposes. All correspondence related to collections, compromises, reinstatement of disallowed costs, or transfer of delinquent debts either to the Department of Justice for litigation or to the Department of the

Treasury (Treasury) for collection actions must be provided to DIEA, which then conveys the information to PFM.

H. Unresolved Single Audit Reports

While the responsibility for determining the resolution of questioned costs rests with the AO/ELO, the resolution of compliance or internal control findings requires positive action on the part of the recipient. In a situation where the recipient fails to take action necessary to resolve material audit findings and the Single Audit report remains unresolved, the AO/ELO will offer technical assistance to the recipient. In serious situations, the AO/ELO may also consider the option of designating the recipient as “high risk.” Recipients identified as high risk are subject to additional monitoring and restricted payments. If the AO/ELO determines that there has been gross negligence or mismanagement in the handling or use of contract funds, trust funds, trust lands, or interests in trust lands, the AO/ELO may initiate re-assumption procedures.

Sanctions

Single Audit reports are due within nine months after the end of the recipient’s FY. The Single Audit Act and 2 CFR 200 provide the authority for imposing sanctions when recipients are delinquent in submitting their Single Audit reports. The level of sanctions imposed should be based on the most delinquent audit report. *A Tribe/Tribal organization will not be removed from sanctions until all overdue audit reports are submitted.* Draft audit reports or statements that the report is in the mail are not sufficient action to remove imposed sanctions.

Frequently when a Tribe/Tribal organization is delinquent in submitting their Single Audit reports, there are multiple reports overdue. Often a Tribe/Tribal organization will submit one of its delinquent audit reports when the current year’s report is due and believe it is current. However, the Tribe/Tribal organization is still delinquent and subject to continued sanctions. Sanctions will continue until all delinquent reports are submitted.

For example, ABC Tribe is delinquent in filing its 2012 audit report and as a result, the Tribe is sent a reminder letter, a warning letter, and subsequently a notice of change in payment method letter. One year later, the 2013 audit report is coming due and ABC Tribe still has not submitted its 2012 audit report. Consequently, the warning letter should indicate that because 2012 is approaching a year overdue, ABC Tribe will be subject to Level 2 sanctions for the delinquency of the 2012 audit report, and because its 2013 audit report will shortly be overdue, even if the 2012 is submitted, ABC Tribe will be subject to Level 1 sanctions until the 2013 report is submitted. Similarly, if ABC Tribe fails to submit its 2012 audit report, but timely submits its 2013 report, the Tribe would be subject to Level 2 sanctions in the subsequent year for the missing 2012 audit report. Submitting the current 2013 audit report does not make ABC Tribe current in the submission of its prior year delinquent Single Audit reports.

Federal agencies no longer grant extensions to the due date for Single Audit submissions. If the auditee or auditor wishes to inform the Federal agency they will be late, he or she may do so by contacting the Federal Oversight Office or cognizant Agency for the audit.

A. Reminder Letter

If an audit has not been received by DIEA within six months of the end of the recipient's FY, the AO will send the recipient a reminder letter similar to that shown in Illustration 2(a) and 2(b). If an audit has been filed with the FAC but has not been sent to DIEA, the AO will send the recipient a letter similar to that shown in Illustration 3.

B. Warning Letter

If an audit has not been received by DIEA within eight months of the end of the recipient's FY, the AO will send the recipient a warning letter similar to that shown in Illustration 4(a) and 4(b).

C. Notice of Change in Payment Method Letter

If an audit has not been received by DIEA by the due date FY, the AO will send the recipient a Notice of Change in Payment Letter similar to those shown in Illustrations 5, 6 and 7 consistent with the level of sanctions.

D. Level of Sanctions

2 CFR §200.338 Remedies for noncompliance

If a non-Federal entity fails to comply with Federal statutes, regulations, or the terms and conditions of a Federal award, the Federal awarding agency or pass-through entity may impose additional conditions, as described in §200.207 Specific conditions. If the Federal awarding agency or pass-through entity determines that noncompliance cannot be remedied by imposing additional conditions, the Federal awarding agency or pass-through entity may take one or more of the following actions, as appropriate in the circumstances:

- (a) Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the Federal awarding agency or pass-through entity.
- (b) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
- (c) Wholly or partly suspend or terminate the Federal award.
- (d) Initiate suspension or debarment proceedings as authorized under 2 CFR part 180 and Federal awarding agency regulations (or in the case of a pass-through entity, recommend such a proceeding be initiated by a Federal awarding agency).
- (e) Withhold further Federal awards for the project or program.

- (f) Take other remedies that may be legally available.

Consistent with 2 CFR §200.338, recipients who fail to submit a Single Audit report by the due date will be subject to the sanctions described below.

Level I Sanction

If the audit report has not been received by DIEA by the due date, Level 1 sanctions should be imposed on the Tribe/Tribal organization in the contracting period immediately following the due date. A letter of Notice of Sanctions - Change in Payment Method similar to Illustration 5 should be sent with a return receipt request to the Tribe/Tribal organization. The notice is to inform the Tribe/Tribal organization that because it has failed to submit an audit report to the FAC and DIEA, payment of all award funds, including contract support costs, will be made in monthly advance installments until all delinquent audits have been received by the FAC and DIEA.

Level II Sanction

If the audit report has not been received by DIEA by the end of the next FY after the due date, Level 2 sanctions should be imposed on the Tribe/Tribal organization. In the contracting period immediately following the 2nd year after the due date, a letter of Notice of Sanctions - Withholding of Contract Support Funds, similar to Illustration 6, should be sent with a return receipt request to the Tribe/Tribal organization. The notice is to inform the Tribe/Tribal organization that because it has failed to submit its audit report to the FAC and DIEA, in addition to limiting it to monthly drawdown of all award funds, contract support payments will be withheld until the audit report is submitted. This action is subject to appeal, and the Tribe/Tribal organization should be informed that they have an option of appealing this decision. Appeals from this action are governed by the regulations contained in subpart N of 25 CFR 900.

Level III Sanction

If the Tribe/Tribal organization is approaching two years overdue in submitting its audit reports, and is already on Level 2 sanctions, a letter of Notice of Intent to Reassume, similar to Illustration 7, may be sent 90 days before the end of the second year that the audit report is delinquent. A second notice should be sent about 45 days before the end of the second year that the audit report was due.

The Solicitor's Office should be contacted, both to put them on notice of a potential legal proceeding and to obtain a review of the facts prior to proceeding with reassumption. The Regional Supervisory Self-Determination Officer can assist with identifying the appropriate staff to contact.

Non-emergency reassumption must be initiated when a Tribe/Tribal organization fails to submit a Single Audit report for three years. Failure to submit an audit report for three years constitutes

gross negligence in the handling of contract funds. Failing to meet Single Audit reporting requirements indicates financial management difficulties. The AO/ELO should work with Tribes/Tribal organizations that are delinquent in submitting their Single Audit reports to prevent non-emergency reassumption.

Disallowed Costs

A. Collection of Disallowed Costs

- 1) **Debts Owed to the Government.** Once the AO/ELO has determined that certain costs are disallowed, these amounts are debts owed by the recipient to the DOI Secretary. The Single Audit report cannot be closed until the disallowed costs are either repaid or reinstated.
- 2) **Delinquent Debts.** Debts that are 180 days delinquent will be referred by IBC to Treasury for further collection action. If payment is not received within 120 days from the Collection Due Date and no request to set up a payment plan, appeal, or dispute of the debt is received, the debt will be referred to Treasury. However, if it is determined the debt may be collectible or payment is anticipated before the 180 day limit, the referral of the debts may be deferred but cannot exceed the 180 day limit.
- 3) **Time Limitation.** Section 106(f) of the ISDEAA (25 U.S.C. § 450j-1(f)) limits the authority of the IA to bill or collect disallowed costs as a result of a Single Audit report, unless notice of the disallowance has been rendered within 365 days of receipt of the Single Audit report by the DOI Secretary. DIEA is the office designated to receive copies of the Single Audit reports on behalf of the Secretary; therefore, the date the Single Audit report is received by DIEA is the official date of receipt for the 365-day rule.

B. Reinstatement of Previously Disallowed Costs

After the AO/ELO's management decision to disallow costs, the recipient may provide additional information to the AO/ELO to determine if some or all of the previously disallowed costs should be reinstated. In situations such as this, the AO/ELO should issue a revised management decision memorandum to the recipients, including a revised F&D. Copies of all correspondence should be provided to DIEA and a memorandum should be sent to IBC requesting that they suspend the collection efforts if appropriate; see Illustration 14.

C. Suspend, Terminate or Compromise Audit Related Debt

- 1) IA's Office of the Chief Financial Officer (OCFO) has authority re-delegated from the DOI Secretary to suspend, terminate, or compromise collection actions on debts owed to IA when the principal balance does not exceed \$100,000 and the requirements in the Federal Claims Collection Standards (31 CFR Parts 900-904) are met. The OCFO exercises this authority in consultation with the Department's Solicitor's Office.
- 2) The Department of Justice has sole jurisdiction to compromise, suspend, or terminate debts in excess of \$100,000. The referral of said debts is made by the Solicitor with the

concurrence of the OCFO.

- 3) Copies of all correspondence pertaining to actions initiated and/or decisions made by the OCFO or Department of Justice regarding suspensions, terminations, or compromises of debt should be provided to IBC and DIEA.

Illustration 1(a)

FOR TRIBAL ORGANIZATION FISCAL YEARS BEGINNING DECEMBER 25, 2014, AND EARLIER (remove this note when using this example)

CERTIFICATION

SINGLE AUDIT REPORT NOT REQUIRED

I certify that the _____ (*name of the Tribal Organization*) _____ (Tribal Organization's EIN) expended less than \$500,000 in total federal financial assistance for **Fiscal Year** ____ (*insert year*) and that we are not required to submit a Single Audit Report to the Federal Audit Clearinghouse to comply with the Single Audit Act, as amended, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Chairperson of the Tribal Organization

Date

Return this certification to:

Regional Office
Address

Send a copy of this certification to:

Division of Internal Evaluation and Assessment
Deputy Assistant Secretary – Indian Affairs
(Management)
12220 Sunrise Valley Drive
Reston, VA 20191
oiea@bia.gov

Illustration 1(b)

FOR TRIBAL ORGANIZATION FISCAL YEARS BEGINNING DECEMBER 26, 2014, AND LATER (remove this note when using this example)

CERTIFICATION

SINGLE AUDIT REPORT NOT REQUIRED

I certify that the _____ (*name of the Tribal Organization*) _____ (Tribal Organization's EIN) expended less than \$750,000 in total federal financial assistance for **Fiscal Year** ____ (*insert year*) and that we are not required to submit a Single Audit Report to the Federal Audit Clearinghouse to comply with the Single Audit Act, as amended and 2 CFR 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

Chairperson of the Tribal Organization

Date

Return this certification to:

Regional Office
Address

Send a copy of this certification to:

Division of Internal Evaluation and Assessment
Deputy Assistant Secretary – Indian Affairs
(Management)
12220 Sunrise Valley Drive
Reston, VA 20191
oiea@bia.gov

Illustration 2(a)

FOR TRIBAL ORGANIZATION FISCAL YEARS BEGINNING DECEMBER 25, 2014, AND EARLIER (remove this note when using this example)

United States Department of the Interior
[Applicable Letterhead]
Insert Date

Registered Mail - Return Receipt Requested

REQUEST FOR SUBMISSION OF SINGLE AUDIT REPORT

Dear [Tribal Organization Leader]:

The Single Audit Act requires a non-Federal entity that expends \$500,000 or more of Federal awards in a given fiscal year to have a Single Audit performed for that fiscal year. In addition, Congress requires Tribes and Tribal organizations receiving funding under the Indian Self-Determination and Education Assistance Act (ISDEAA) and the Tribally Controlled Schools Act (TCSA) to submit their Single Audit reports to the Secretary of the Interior (25 U.S.C. § 450c (f)). The Secretary of the Interior, through the Office of the Assistant Secretary – Indian Affairs, has designated the Division of Internal Evaluation and Assessment (DIEA) as the agency office to which Tribes and Tribal organizations must submit their Single Audit reports.

Pursuant to OMB Circular A-133, which implements the Single Audit Act, a non-federal entity must submit its Single Audit report to the Federal Audit Clearinghouse within the earlier of 30 days after receipt of the audit report or 9 months after the end of the period audited. The report for the audit period ended (*insert date*) will be due by (*insert date*).

According to DIEA records and the records of the Federal Audit Clearinghouse, your Tribal organization has not submitted its Single Audit report for the audit period ended (*insert date*). While your Single Audit report is not yet due, the purpose of this letter is to remind you that you are required to submit the audit report and to advise you of the sanctions that the (*insert Bureau or Office*) intends to impose if the report is not received by the due date. As shown in the following table, sanctions increase in severity as the period of non-compliance increases. Consequently, if you are already delinquent in the submission of a prior Single Audit report, the level of sanctions imposed will be higher based on the earliest delinquent audit report.

Illustration 2(a) continued

Sanction	Authority
Level 1 sanctions are imposed in the contracting period following the audit due date. The Tribe or Tribal organization will be limited to monthly advance payments of all contract funds, including contract support funds.	OMB Circular A-133
Level 2 sanctions are imposed in the 2 nd contracting period after the audit due date. The Tribe or Tribal organization will continue to receive monthly advance payments of all contract funds, and all contract support payments will be withheld.	OMB Circular A-133
Level 3 sanctions are imposed in the 3 rd contracting period after the audit due date. The <i>(insert Bureau or Office)</i> will initiate nonemergency program re-assumption procedures.	OMB Circular A-133 and 25 USC § 450m

To avoid imposition of these sanctions you are encouraged to submit your Single Audit by the due date. The DIEA’s address is:

Division of Internal Evaluation and Assessment
 U.S. Department of the Interior
 12220 Sunrise Valley Drive
 Reston, Virginia 20191

E-mail: oiea@bia.gov
 Phone: (703) 390-6484
 Fax: (703) 390-6504

The purpose of this letter is to advise you of the actions *(insert Bureau or Office)* will take in *(insert year)* if the audit report is not received by the audit due date. If it becomes necessary to impose sanctions, you will receive a formal notice which will include a description of your appeal rights.

Thank you for your immediate attention to this matter.

Sincerely,

(Insert name of awarding official)
(Insert title of awarding official)

cc: DIEA

Illustration 2(b)

Page 1 of 2

FOR TRIBAL ORGANIZATION FISCAL YEARS BEGINNING DECEMBER 26, 2014, AND LATER (remove this note when using this example)

United States Department of the Interior
[Applicable Letterhead]

Insert Date

Registered Mail - Return Receipt Requested

REQUEST FOR SUBMISSION OF SINGLE AUDIT REPORT

Dear [Tribal Organization Leader]:

The Single Audit Act requires a non-Federal entity that expends \$750,000 or more of Federal awards in a given fiscal year to have a Single Audit performed for that fiscal year. In addition, Congress requires that Tribes and Tribal organizations receiving funding under the Indian Self-Determination and Education Assistance Act (ISDEAA) and the Tribally Controlled Schools Act (TCSA) to submit their Single Audit reports to the Secretary of the Interior (25 U.S.C. § 450c (f)). The Secretary of the Interior, through the Office of the Assistant Secretary – Indian Affairs, has designated the Division of Internal Evaluation and Assessment (DIEA) as the agency office to which Tribes and Tribal organizations must submit their Single Audit reports.

Pursuant to 2 CFR 200, which implements the Single Audit Act, a non-federal entity must submit its Single Audit report to the Federal Audit Clearinghouse within the earlier of 30 days after receipt of the audit report or 9 months after the end of the period audited. The report for the audit period ended (*insert date*) will be due by (*insert date*).

According to DIEA records and the records of the Federal Audit Clearinghouse, your Tribal organization has not submitted its Single Audit report for the audit period ended (*insert date*). While your Single Audit report is not yet due, the purpose of this letter is to remind you that you are required to submit the audit report and to advise you of the sanctions that the (*insert Bureau or Office*) intends to impose if the report is not received by the due date. As shown in the following table, sanctions increase in severity as the period of non-compliance increases. Consequently, if you are already delinquent in the submission of a prior Single Audit report, the level of sanctions imposed will be higher based on the earliest delinquent audit report.

Illustration 2(b) continued

Sanction	Authority
Level 1 sanctions are imposed in the contracting period following the audit due date. The Tribe or Tribal organization will be limited to monthly advance payments of all contract funds, including contract support funds.	2 CFR 200.505 and 200.338
Level 2 sanctions are imposed in the 2 nd contracting period after the audit due date. The Tribe or Tribal organization will continue to receive monthly advance payments of all contract funds and all contract support payments will be withheld.	2 CFR 200.505 and 200.338
Level 3 sanctions are imposed in the 3 rd contracting period after the audit due date. The <i>(insert Bureau or Office)</i> will initiate nonemergency program re-assumption procedures.	2 CFR 200.505 and 200.338; 25 USC § 450m

To avoid imposition of these sanctions you are encouraged to submit your Single Audit by the due date. The DIEA’s address is:

Division of Internal Evaluation and Assessment
 Office of the Deputy Assistant Secretary - Management
 U.S. Department of the Interior
 12220 Sunrise Valley Drive
 Reston, Virginia 20191

E-mail: oiea@bia.gov
 Phone: (703) 390-6484
 Fax: (703) 390-6504

The purpose of this letter is to advise you of the actions *(insert Bureau or Office)* will take in *(insert year)* if the audit report is not received by the audit due date. If it becomes necessary to impose sanctions, you will receive a formal notice which will include a description of your appeal rights.

Thank you for your immediate attention to this matter.

Sincerely,

(Insert name of awarding official)
(Insert title of awarding official)

cc: DIEA

Illustration 3

United States Department of the Interior
[Applicable Letterhead]

Insert Date

Registered Mail - Return Receipt Requested

REQUEST FOR SUBMISSION OF SINGLE AUDIT REPORT

Dear [Tribal Organization Leader]:

According to the Federal Audit Clearinghouse, you have filed your (*insert year*) Single Audit report with the Federal Audit Clearinghouse under the requirements of 2 CFR 200. This is to notify you that you are required to submit a copy of your Single Audit report directly to the Division of Internal Evaluation and Assessment (DIEA) at the Department of the Interior.

The Indian Self-Determination and Education Assistance Act (ISDEAA) requires that:

For each fiscal year during which an Indian tribal organization receives or expends funds pursuant to a contract entered into, or grant made, under this subchapter, the tribal organization that requested such contract or grant shall submit to the appropriate Secretary a single-agency [sic] audit report required by chapter 75 of Title 31. 25 U.S.C. § 450c (f).

Pursuant to 2 CFR 200, recipients are required to file their audit reports with the Federal Audit Clearinghouse. While filing with the Federal Audit Clearinghouse satisfies the requirements of 2 CFR 200, it does not satisfy the requirements of the ISDEAA or Tribally Controlled Schools Act (TCSA). The Assistant Secretary for Indian Affairs has determined that each Indian tribe or tribal organization must file copies of its Single Audit report with the DIEA to meet the requirements of the ISDEAA and TCSA.

The Single Audit report can be submitted to DIEA by mail or electronically at the following address.

Illustration 3 continued

Page 2 of 2

Division of Internal Evaluation and Assessment
Office of the Deputy Assistant Secretary - Management
U.S. Department of the Interior
12220 Sunrise Valley Drive
Reston, Virginia 20191

E-mail: oiea@bia.gov
Phone: (703) 390-6484
Fax: (703) 390-6504

Thank you for your cooperation in this matter.

Sincerely,

(Insert name of awarding official)
(Insert title of awarding official)

cc: DIEA

Illustration 4(a)

**FOR TRIBAL ORGANIZATION FISCAL YEARS BEGINNING DECEMBER 25, 2014,
AND EARLIER (remove this note when using this example)**

United States Department of the Interior
[Applicable Letterhead]

Insert Date

Registered Mail - Return Receipt Requested

REQUEST FOR SUBMISSION OF SINGLE AUDIT REPORT (2nd NOTICE)

Dear [Tribal Organization Leader]:

This is a reminder that the (*insert Tribal organization name*) has not submitted their Single Audit Report to the Secretary of the Interior. The Single Audit Act requires a non-Federal entity that expends \$500,000 or more of Federal awards in a given fiscal year to have a Single Audit performed for that fiscal year. In addition, Congress has required Tribes and Tribal Organizations receiving funding under the Indian Self Determination and Education Assistance Act (ISDEAA) and the Tribally Controlled Schools Act (TCSA) to submit their Single Audit reports to the Secretary of the Interior, 25 U.S.C. § 450c (f). The Secretary of the Interior, through the Office of the Assistant Secretary – Indian Affairs, has designated the Division of Internal Evaluation and Assessment (DIEA) as the agency office to which Tribes and Tribal Organizations must submit their Single Audit Reports.

Under the requirements of OMB Circular A-133, which implements the Single Audit Act, a non-Federal entity is required to submit its Single Audit Report to the Federal Audit Clearinghouse within the earlier of 30 days after receipt of the audit report or 9 months after the end of the period audited. The report for the audit period ended (*insert date*) is due by (*insert date*).

According to DIEA records and the records of the Federal Audit Clearinghouse your Tribal organization has not submitted its Single Audit report for the audit period ended (*insert date*). The purpose of this letter is to remind you of the requirement to submit the audit report and to advise you of the sanctions that (*insert Bureau or Office*) intends to impose if the report is not received. As shown in the following table, sanctions increase in severity as the period of non-compliance increases. Consequently, if you are already delinquent in the submission of a prior audit report, the level of sanctions imposed will be higher based on the earliest delinquent report.

Illustration 4(a) continued

Sanction	Authority
Level 1 sanctions are imposed in the contracting period following the audit due date. The Tribe or Tribal organization will be limited to monthly advance payments of all contract funds, including contract support funds.	OMB Circular A-133
Level 2 sanctions are imposed in the 2 nd contracting period after the audit due date. The Tribe or Tribal organization will continue to receive monthly advance payments of all contract funds and all contract support payments will be withheld.	OMB Circular A-133
Level 3 sanctions are imposed in the 3 rd contracting period after the audit due date. The <i>(insert Bureau or Office)</i> will initiate nonemergency program re-assumption procedures.	OMB Circular A-133 and 25 USC § 450m

To avoid imposition of these sanctions you are encouraged to submit your single audit. The Single Audit report can be submitted to DIEA by mail or electronically at the following address.

Division of Internal Evaluation and Assessment
 Office of the Deputy Assistant Secretary - Management
 U.S. Department of the Interior
 12220 Sunrise Valley Drive
 Reston, Virginia 20191

E-mail: oiea@bia.gov
 Phone: (703) 390-6484
 Fax: (703) 390-6504

The purpose of this letter is to advise you of the actions *(insert Bureau or Office)* will take if the audit is not received. If it becomes necessary to impose sanctions, you will receive a formal notice which will include a description of your appeal rights.

Thank you for your cooperation in this matter.

Sincerely,

(Insert name of awarding official)
(Insert title of awarding official)

cc: DIEA

Illustration 4(b)

Page 1 of 2

FOR TRIBAL ORGANIZATION FISCAL YEARS BEGINNING DECEMBER 26, 2014,
AND LATER (remove this note when using this example)

United States Department of the Interior
[Applicable Letterhead]

Insert Date

Registered Mail - Return Receipt Requested

REQUEST FOR SUBMISSION OF SINGLE AUDIT REPORT (2nd NOTICE)

Dear [Tribal Organization Leader]:

This is a reminder that the (*insert Tribal organization name*) has not submitted their Single Audit Report to the Secretary of the Interior. The Single Audit Act requires a non-Federal entity that expends \$750,000 or more of Federal awards in a given fiscal year to have a Single Audit performed for that fiscal year. In addition, Congress has required Tribes and Tribal organizations receiving funding under the Indian Self Determination and Education Assistance Act (ISDEAA) and the Tribally Controlled Schools Act (TCSA) to submit their Single Audit reports to the Secretary of the Interior, 25 U.S.C. § 450c (f). The Secretary of the Interior, through the Office of the Assistant Secretary – Indian Affairs, has designated the Division of Internal Evaluation and Assessment (DIEA) as the agency office to which Tribes and Tribal organizations must submit their Single Audit Reports.

Under the requirements of 2 CFR 200, which implements the Single Audit Act, a non-Federal entity is required to submit its Single Audit report to the Federal Audit Clearinghouse within the earlier of 30 days after receipt of the audit report or 9 months after the end of the period audited. The report for the audit period ended (*insert date*) is due by (*insert date*).

According to DIEA records and the records of the Federal Audit Clearinghouse your Tribal Organization has not submitted its single audit report for the audit period ended (*insert date*). The purpose of this letter is to remind you of the requirement to submit the audit report and to advise you of the sanctions that (*insert Bureau or Office*) intends to impose if the report is not received. As shown in the following table, sanctions increase in severity as the period of non-compliance increases. Consequently, if you are already delinquent in the submission of a prior audit report, the level of sanctions imposed will be higher based on the earliest delinquent report.

Illustration 4(b) continued

Sanction	Authority
Level 1 sanctions are imposed in the contracting period following the audit due date. The Tribe or Tribal organization will be limited to monthly advance payments of all contract funds, including contract support funds.	2 CFR 200.505 and 200.338
Level 2 sanctions are imposed in the 2 nd contracting period after the audit due date. The Tribe or Tribal organization will continue to receive monthly advance payments of all contract funds and all contract support payments will be withheld.	2 CFR 200.505 and 200.338
Level 3 sanctions are imposed in the 3 rd contracting period after the audit due date. The <i>(insert Bureau or Office)</i> will initiate nonemergency program re-assumption procedures.	2 CFR 200.505 and 200.338; 25 USC § 450m

To avoid imposition of these sanctions you are encouraged to submit your single audit. The Single Audit report can be submitted to DIEA by mail or electronically at the following address.

Division of Internal Evaluation and Assessment
 Office of the Deputy Assistant Secretary - Management
 U.S. Department of the Interior
 12220 Sunrise Valley Drive
 Reston, Virginia 20191

E-mail: oiea@bia.gov
 Phone: (703) 390-6484
 Fax: (703) 390-6504

The purpose of this letter is to advise you of the actions *(insert Bureau or Office)* will take if the audit is not received. If it becomes necessary to impose sanctions, you will receive a formal notice which will include a description of your appeal rights.

Thank you for your cooperation in this matter.

Sincerely,

(Insert name of awarding official)
(Insert title of awarding official)

cc: DIEA

Illustration 5

United States Department of the Interior
[Applicable Letterhead]

Insert Date

Registered Mail - Return Receipt Requested

NOTICE OF CHANGE IN PAYMENT METHOD

Dear [Tribal Organization Leader]:

By a letter dated (*insert date of warning letter*), signed by the Awarding Official, you were notified that the (*insert Bureau or Office*) intended to impose sanctions during fiscal year (*insert fiscal year*) on Indian tribes or Tribal organizations which have failed to meet the statutory and regulatory requirements for annual submission of Single Audit reports.

The Indian Self-Determination and Education Assistance Act (ISDEAA) requires that:

For each fiscal year during which an Indian tribal organization receives or expends funds pursuant to a contract entered into, or grant made, under this subchapter, the tribal organization that requested such contract or grant shall submit to the appropriate Secretary a single-agency [sic] audit report required by chapter 75 of Title 31. [25 U.S.C. 450c (f)].

Pursuant to 2 CFR 200, recipients are required to file their Single Audit reports with the Federal Audit Clearinghouse within 9 months of the end of its fiscal year. According to the records of DIEA and the Federal Audit Clearinghouse, your Tribe/Tribal organization has not submitted its Single Audit report for fiscal year (*insert fiscal year*).

This action is taken pursuant to the authority contained in the Single Audit Act and the implementing guidance issued by the Office of Management and Budget through 2 CFR 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Funds.

Illustration 5 continued

2 CFR§200.505 provides:

In cases of continued inability or unwillingness to have an audit conducted in accordance with this Part, Federal agencies and pass-through entities must take appropriate action as provided in section 200.338 Remedies for Noncompliance.

2 CFR § 200.338 provides:

- (a) Temporarily withhold cash payments pending correction of the deficiency by the Non-Federal entity or more severe enforcement action by the Federal awarding agency or pass-through entity.
- (b) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
- (c) Wholly or partly suspend or terminate the Federal award.
- (d) Initiate suspension or debarment proceedings as authorized under 2 CFR 180 and Federal awarding agency regulations (or in the case of a pass-through entity, recommend such a proceeding be initiated by a Federal awarding agency).
- (e) Withhold further Federal awards for the project or program.
- (f) Take other remedies that may be legally available.

The Bureau has determined that because you have failed to submit to DIEA appropriate audits, we will make payments of all contract funds, including contract support costs, by way of monthly advance installments, until all audits have been submitted to DIEA. Other payment methods will resume upon the Bureau’s receiving notification that the tribe has submitted its Single Audit report for fiscal year *(insert fiscal year)*. Moreover, the Bureau reserves the right to impose additional sanctions, including withholding funds, if audits are not submitted in a timely manner.

Single Audit reports are to be sent to DIEA and the Federal Audit Clearinghouse at the following addresses.

<p>The Internet Data Entry System (IDES) is the place to submit the Single Audit reporting package, including form SF-SAC, to the Federal Audit Clearinghouse (FAC).</p> <p>IDES can be accessed at: https://harvester.census.gov/facweb/</p>	<p>U.S. Department of the Interior Deputy Assistant Secretary – Indian Affairs (Management) Division of Internal Evaluation and Assessment 12220 Sunrise Valley Drive Reston, Virginia 20191 E-mail: oiea@bia.gov Phone: (703) 390-6484 Fax: (703) 390-6504</p>
--	--

Illustration 5 continued

We suggest that audits be mailed “return receipt requested.”

Sincerely,

(Insert name of awarding official)

(Insert title of awarding official)

cc: DIEA

APPEAL NOTICE

This is a final decision of the Awarding Official. You may appeal this decision to the Civilian Board of Contract Appeals, 1800 F Street, NW, Washington, DC 20405. The Civilian Board of Contract Appeals (CBCA) is the authorized representative of the Secretary of the Interior with jurisdiction to hear and determine appeals relating to contracts (or grants) made by any Bureau or Office of the Department of the Interior.

If you decide to appeal, you must mail or otherwise furnish a written notice of appeal to the CBCA within 90 days of receipt of this decision and provide a copy to the Awarding Official from whose decision the appeal is taken. The notice of appeal must indicate that an appeal is intended, reference this decision, and identify the contract number.

If you appeal to the CBCA, you may, solely at your election, proceed under the Board's small claims procedure for claims of \$50,000 or less or its accelerated procedure for claims of \$100,000 or less. Instead of appealing to the CBCA, you may bring an action directly in U.S. Court of Federal Claims within 12 months of the date you receive this decision, pursuant to section 110 of the ISDEAA, 25 U.S.C. § 450m-1, and the Contract Disputes Act, 41 U.S.C. § 601 *et seq.*

Illustration 6

United States Department of the Interior
[Applicable Letterhead]

Insert Date

Registered Mail - Return Receipt Requested

NOTICE OF WITHHOLDING OF CONTRACT SUPPORT FOR FY *(insert fiscal year)*

Dear **[Tribal Organization Leader]**:

You were previously notified that the *(insert Bureau or Office)* would impose sanctions as a result of the Tribe's failure to submit the required Single Audits to the Secretary. The Indian Self-Determination and Education Assistance Act (ISDEAA) requires that:

For each fiscal year during which an Indian tribal organization receives or expends funds pursuant to a contract entered into, or grant made, under this subchapter, the tribal organization that requested such contract or grant shall submit to the appropriate Secretary a single-agency [sic] audit report required by chapter 75 of Title 31. [25 U.S.C. 450c (f)]

Pursuant to 2 CFR 200, recipients are required to file their Single Audit reports with the Federal Audit Clearinghouse within 9 months of the end of the Tribe's fiscal year. According to the records of DIEA and the Federal Audit Clearinghouse your tribe has not submitted its Single Audit report for fiscal year *(insert fiscal year of delinquent audit)*. Because you have failed to submit the appropriate audit report, we made payments of all contract funds by way of monthly advance installments during FY *(insert the fiscal year in which monthly payments were made)*.

Withholding of Contract Support

In addition to limiting the tribe to monthly drawdown of program funds, the *(insert Bureau or Office)* will also withhold all contract support payments during FY *(insert current fiscal year)* until the Tribal organization submits its delinquent audit report (s) *(if more than one year is delinquent letter the letter should be modified to include reports through and including latest fiscal year)*. This action is taken pursuant to the authority contained in the Single Audit Act and the implementing guidance issued by the Office of Management and Budget at 2 CFR 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Funds.

Illustration 6 continued

CFR§200.505 provides:

In cases of continued inability or unwillingness to have an audit conducted in accordance with this Part, Federal agencies and pass-through entities must take appropriate action as provided in section 200.338 Remedies for Noncompliance.

2 CFR § 200.338 provides:

- (a) Temporarily withhold cash payments pending correction of the deficiency by the Non-Federal entity or more severe enforcement action by the Federal awarding agency or pass-through entity.
- (b) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
- (c) Wholly or partly suspend or terminate the Federal award.
- (d) Initiate suspension or debarment proceedings as authorized under 2 C.F.R. Part 180 and Federal awarding agency regulations (or in the case of a pass-through entity, recommend such a proceeding be initiated by a Federal awarding agency).
- (e) Withhold further Federal awards for the project or program.
- (f) Take other remedies that may be legally available.

Because the tribe has failed to comply with the audit requirements, during FY (*insert current fiscal year*) we will advance program funds on a monthly basis and withhold all contract support payments until such time as all delinquent audit report(s) is/are received by DIEA.

Single Audit reports are to be sent to DIEA and the Federal Audit Clearinghouse at the following addresses:

<p>The Internet Data Entry System (IDES) is the place to submit the Single Audit reporting package, including form SF-SAC, to the Federal Audit Clearinghouse (FAC).</p> <p>IDES can be accessed at: https://harvester.census.gov/facweb/</p>	<p>U.S. Department of the Interior Deputy Assistant – Indian Affairs (Management) Division of Internal Evaluation and Assessment 12220 Sunrise Valley Drive Reston, Virginia 20191 E-mail: oiea@bia.gov Phone: (703) 390-6484 Fax: (703) 390-6504</p>
--	---

Sincerely,
(Insert name of awarding official)
(Insert title of awarding official)

cc: DIEA

Illustration 6 continued

APPEAL NOTICE

This is a final decision of the Awarding Official. You may appeal this decision to the Civilian Board of Contract Appeals, 1800 F Street, NW, Washington, DC 20405. The Civilian Board of Contract Appeals (CBCA) is the authorized representative of the Secretary of the Interior with jurisdiction to hear and determine appeals relating to contracts (or grants) made by any Bureau or Office of the Department of the Interior.

If you decide to appeal, you must mail or otherwise furnish a written notice of appeal to the CBCA within 90 days of receipt of this decision and provide a copy to the Awarding Official from whose decision the appeal is taken. The notice of appeal must indicate that an appeal is intended, reference this decision, and identify the contract number.

If you appeal to the CBCA, you may, solely at your election, proceed under the Board's small claims procedure for claims of \$50,000 or less or its accelerated procedure for claims of \$100,000 or less. Instead of appealing to the CBCA, you may bring an action directly in the U.S. Court of Federal Claims within 12 months of the date you receive this decision, pursuant to section 110 of the ISDEAA, 25 U.S.C. § 450m-1, and the Contract Disputes Act, 41 U.S.C. § 601 *et seq.*

Illustration 7

United States Department of the Interior
[Applicable Letterhead]

Insert Date

Registered Mail - Return Receipt Requested

NOTICE OF INTENT TO REASSUME

Dear [Tribal Organization Leader]:

You have previously received three letters notifying you that the (*insert Bureau or Office*) would impose sanctions as a result of the Tribe's failure to submit the required Single Audits to the Secretary. The Indian Self-Determination and Education Assistance Act (ISDEAA) requires that:

For each fiscal year during which an Indian tribal organization receives or expends funds pursuant to a contract entered into, or grant made, under this subchapter, the tribal organization that requested such contract or grant shall submit to the appropriate Secretary a single-agency [sic] audit report required by chapter 75 of Title 31. 25 U.S.C. 450c (f).

Pursuant to 2 CFR 200, recipients are required to file their Single Audit reports with the Federal Audit Clearinghouse within 9 months of the end of the Tribe's fiscal year. According to DIEA records, and the records of the Federal Audit Clearinghouse, your Tribe/Tribal organization has not submitted its Single Audit report for fiscal year (*insert fiscal year of delinquent audit*). Because you failed to submit the required Single Audit report, we have made payments for the last 2 years of all contract funds by way of monthly advances and have withheld all contract support for the past year.

Non-Emergency Re-assumption

The Bureau is authorized to initiate non-emergency re-assumption procedures when gross negligence has occurred in the handling of contract funds (25 CFR§ 900.247). The Tribe's failure to submit the required audit reports is both a breach of the contract provisions and an indication that there may be gross negligence in the expenditure of Federal funds.

Illustration 7 continued

This letter constitutes the first of the two notices the Bureau is required to provide prior to program re-assumption. The Tribe has 45 days from the date of the receipt of this letter to provide a Single Audit report covering FY *(insert fiscal year of delinquent audit)* to DIEA.

Technical Assistance

It is the responsibility of the Tribe to hire a certified public accountant to perform the required audit of the financial statements prepared by the Tribe and to report on the Tribe’s system of internal controls and compliance with laws and regulations. If the Tribe needs information about auditors who are familiar with the requirements of the Single Audit Act and who have experience in auditing tribal governments the tribe may contact the DIEA for a mailing list of audit firms maintained by the OIG. Please note that neither the DIEA nor the OIG can recommend any specific firm.

Second Notice and Appeal Rights

If the audit report is not received within 45 days of your receipt of this letter, a second letter will be sent which will include information on the Tribe’s appeal rights.

Single Audit reports are to be sent to DIEA and the Federal Audit Clearinghouse at the following addresses:

<p>The Internet Data Entry System (IDES) is the place to submit the Single Audit reporting package, including form SF-SAC, to the Federal Audit Clearinghouse (FAC).</p>	<p>U.S. Department of the Interior Deputy Assistant Secretary – Indian Affairs (Management) Division of Internal Evaluation and Assessment 12220 Sunrise Valley Drive Reston, Virginia 20191 E-mail: oiea@bia.gov Phone: (703) 390-6484 Fax: (703) 390-6504</p>
<p>IDES can be accessed at: https://harvester.census.gov/facweb/</p>	

We suggest that audits be mailed “return receipt requested.”

Sincerely,

(Insert name of awarding official)
(Insert title of awarding official)

cc: DIEA

Illustration 8

United States Department of the Interior
[Applicable Letterhead]

Insert Date

*Memorandum to DIEA (all findings resolved & questioned costs reinstated)
Remove this reference when using this example*

Memorandum

To: Director, Division of Internal Evaluation and Assessment

From: BIA/BIE/OSG Awarding Official

Subject: The Single Audit of the ABC Tribe for the Fiscal Year Ended September 30, 2014
(Report No. ARTT 2014-0000)

The subject audit report, issued on April 10, 20XX, contained 6 findings and questioned costs of \$22,000 for the {Bureau of Indian Affairs/Bureau of Indian Education/Office of Self Governance} to resolve.

I have reviewed the subject report and the Tribe's/School's response included in the report. I have also reviewed the contract/grant files, discussed the findings with the recipient, and obtained documentation for the questioned costs. It is my determination that the findings are all resolved and that the questioned costs are allowable under the contract and are reinstated.

It is my recommendation that the subject audit be closed.

cc: ABC Tribe

Illustration 9

FINDINGS AND DETERMINATION (F&D)
FOR
SINGLE AUDIT REPORT

*Findings and Determination Memorandum (all findings resolved & questioned costs reinstated)
Remove this reference when using this example*

Contractor: Tribal organization
Atlanta, GA
Telephone (...).....

Audit Report No.: ARTT 2014-0000

Audit Period: Fiscal Year Ended September 30, 2014

Awarding Official: Name
Bureau of Indian Affairs/Bureau of Indian Education
Area/Agency office
Telephone (...).....

Introduction

The Single Audit Act and Title 2, Code of Federal Regulations, Part 200 establish audit requirements for Tribal governments that receive federal financial assistance. In compliance with these requirements, the Tribal organization had an independent audit conducted for Fiscal Year 2014 by, Certified Public Accountant, in accordance with the Government Auditing Standards. The audit contained six (6) findings and questioned costs which totaled \$22,000. The Federal Audit Clearinghouse received the Tribe's/Tribal organization's Single audit report on [insert date]. The Division of Internal Evaluation and Assessment, Office of the Deputy Assistant Secretary forwarded copies of the audit to the Awarding Official on [insert date], for resolution.

Findings

The auditor identified the following areas of non-compliance with internal control procedures:

Finding No. 1: Personnel files were not kept in a secure location in accordance with Privacy Act requirements.

Tribe/school's Response:
(Please insert tribe's/school's management response)

Illustration 9 continued

Page 2 of 3

BIA/BIE/OSG Determination:

I have reviewed the Auditor's findings and the Tribe/School's response/corrective action plan (CAP) regarding the maintenance of personnel files and determined that the actions taken have fully corrected the issue.

Finding No. 2: Property records were not maintained as required by fiscal procedures manual.

Tribe/school's Response:

(Please insert tribe's/school's management response)

BIA/BIE/OSG Determination:

I have reviewed the Auditor's findings and the Tribe/School's response (CAP) regarding the maintenance of personnel files and determined that the plan will fully correct the issue.

Finding No. 3: Some purchase orders did not include two signatures as required in the Tribe's fiscal procedures manual.

Tribe/school's Response:

(Please insert tribe's/school's management response)

BIA/BIE/OSG Determination:

I have reviewed the Auditor's findings and the school's response (CAP) regarding its compliance with the requirement that two authorized signatures be on all purchase orders and have determined the plan to be sufficient to correct the issue.

Finding No. 4: Bank accounts were not reconciled monthly.

Tribe/school's Response: By letter dated May 25, 2015, the Tribe/School states that they have corrected the internal control issues by hiring a trained accountant and a tribal coordinator who have several years of experience working with Indian programs. All internal control procedures are currently being followed.

BIA/BIE/OSG Determination:

I have reviewed the school's letter outlining their corrective actions regarding the reconciling of bank accounts and determined their completed actions will sufficiently correct the issue.

Finding No. 5: Certain expenditures lacked adequate documentation, including purchase orders, invoices and account code information. The expenditures that lacked documentation totaled \$12,000.

Tribe/school's response: By letter dated May 25, 2015, the Tribe/School provided purchase orders and invoices for the expenditures in question.

Illustration 9 continued

BIA/BIE/OSG Determination:

I have reviewed the Tribe's/School's documentation for the expenditures totaling \$12,000. I have determined these costs to be allowable costs and they are reinstated.

Finding No. 6: Certain per diem and expense reports lacked backup documentation and there was no evidence of approval before payment. The amount of questioned costs was \$10,000.

Tribe/School's response: By letter dated May 25, 2012, the Tribe provided copies of receipts and approval letters to support the \$10,000 in questioned costs.

BIA/BIE/OSG Determination:

I reviewed the school's documentation for \$10,000 in questioned costs and have determined them to be allowable; therefore, the questioned costs of \$10,000 are reinstated.

Summary:

I have concluded that the Tribe/School's corrective actions completed and/or planned for findings 1 through 6 have or will fully address these issues; therefore, I consider these findings resolved.

I have reviewed the Tribe/School's documentation for \$12,000 in questioned costs related to Finding No. 5 and have determined them to be allowable costs; therefore, the questioned costs of \$12,000 are reinstated. I also concluded that the questioned costs related to Finding No. 6 were allowable, therefore the \$10,000 in question are reinstated.

Name, Awarding Official
Warrant # (if applicable)

Date

Illustration 10

United States Department of the Interior
[Applicable Letterhead]

Insert Date

*Memorandum to DIEA (findings not fully resolved & questioned costs sustained)
Remove this reference when using this example*

Memorandum

To: Director, Division of Internal Evaluation and Assessment

From: BIA/BIE/OSG Awarding Official

Subject: The Single Audit of the ABC Tribe for the Fiscal Year Ended September 30, 2014,
(Report No. ARTT 2014-0000)

The subject audit report, issued on April 10, 20XX, contained 6 findings and questioned costs of \$22,000 for the {Bureau of Indian Affairs/Bureau of Indian Education/Office of Self Governance} to resolve.

I have reviewed the subject report and the Tribe's/School's corrective action plan. I have also reviewed the contract/grant files, discussed the findings with the recipient, and obtained limited documentation for the questioned costs. It is my determination that Finding Nos. 1 through 4 are resolved. It is my determination that Finding No. 5 and Finding No. 6 are not resolved and that the questioned costs of \$22,000 associated with these findings are unallowable and are sustained.

cc: ABC Tribe

Illustration 11

FINDINGS AND DETERMINATION (F&D)
FOR
SINGLE AUDIT REPORT

*Findings and Determination Memorandum (findings not fully resolved & questioned costs sustained)
Remove this reference when using this example*

Contractor: Tribal Organization
Atlanta, GA
Telephone (...).....

Audit Report No.: ARTT 2014-0000

Audit Period: Fiscal Year Ended September 30, 2014

Awarding Official: Name
Bureau of Indian Affairs/Bureau of Indian Education/Office of Self
Governance
Area/Agency office
Telephone (...).....

Introduction

The Single Audit Act and Title 2, Code of Federal Regulations, Part 200 establish audit requirements for tribal governments that receive Federal financial assistance. In compliance with these requirements, the Tribal organization had an independent audit conducted for Fiscal Year 2014 by, Certified Public Accountant, in accordance with the Government Auditing Standards. The audit contained six (6) findings and questioned costs which totaled \$22,000. The Federal Audit Clearinghouse received the Tribe's/Tribal organization's Single Audit report on [insert date]. The Division of Internal Evaluation and Assessment, Office of the Assistant Secretary forwarded copies of the audit to the Awarding Official on [insert date], for resolution.

Findings

The auditor identified the following areas of non-compliance with internal control procedures:

Finding No. 1: Personnel files were not kept in a secure location in accordance with Privacy Act requirements.

Tribe/School's Response:
(Please insert Tribe's/School's management response)

Illustration 11 continued

BIA/BIE/OSG Determination:

I have reviewed the Auditor's findings and the Tribe/School's response/corrective action plan (CAP) regarding the maintenance of personnel files and determined that the actions taken have fully corrected the issue.

Finding No. 2: Property records were not maintained as required by fiscal procedures manual.

Tribe/school's Response:

(Please insert tribe's/school's management response)

BIA/BIE/OSG Determination:

I have reviewed the Auditor's findings and the tribe/school's response (CAP) regarding the maintenance of personnel files and determined that the plan will fully correct the issue.

Finding No. 3: Some purchase orders did not include two signatures as required in the Tribe's fiscal procedures manual.

Tribe/school's Response:

(Please insert tribe's/school's management response)

BIA/BIE/OSG Determination:

I have reviewed the Auditor's findings and the school's response (CAP) regarding its compliance with the requirement that two authorized signatures be on all purchase orders and have determined the plan to be sufficient to correct the issue.

Finding No. 4: Bank accounts were not reconciled monthly.

Tribe/School's Response: By letter dated May 25, 2015, the Tribe/School states that they have corrected the internal control issues by hiring a trained accountant and a tribal coordinator who has years of experience working with programs. All internal control procedures are currently being followed.

BIA/BIE/OSG Determination:

I have reviewed the school's letter and corrective actions regarding the reconciling of bank accounts and determined their completed actions will sufficiently correct the issue.

Finding No. 5: The Tribe/School made payments for penalties and interest in the amount of \$12,000.

Tribe/school's response: By letter dated May 25, 2015, the Tribe/School states that they are actively pursuing the collection of loans, and that unallowable expenditures such as interest will be covered from non-Federal sources.

Illustration 11 continued

BIA/BIE/OSG Determination:

I have reviewed the school's documentation for \$12,000 in question related to payment of penalties and interest. I have determined these costs to be unallowable costs and they are sustained.

Finding No. 6: Certain per diem and expense reports lacked backup and documentation and there was no evidence of approval before payment. The amount of questioned costs was \$10,000.

Tribe/School's response: By letter dated May 25, 2015, the Tribe provided copies of receipts, tickets, and approval letters to support the \$10,000 in questioned costs.

BIA/BIE/OSG Determination:

I reviewed the school's documentation for \$10,000 in question and have determined it to be insufficient. The questioned costs of \$10,000 are unallowable and are sustained.

Summary:

I have concluded that the Tribe/School's corrective actions completed or planned for findings 1 through 4 have or will fully address these findings. Finding Nos. 1 through 4 are resolved.

I have concluded that the Tribe/School misapplied the \$12,000 in questioned costs identified in Finding No. 5 and the questioned costs are sustained. I have reviewed the Tribe/School's documentation for \$10,000 in questioned costs related to Finding No. 6 and have determined them to be unallowable costs and sustained. I have sustained (disallowed) all costs in question related to Findings Nos. 5 and 6. A bill-of-collection will be issued requiring you to reimburse the *[insert Bureau or Office]* a total of \$22,000.

Name, Awarding Official
Warrant # (if applicable)

Date

Illustration 12

United States Department of the Interior
[Applicable Letterhead]

Insert Date

Certified Mail - Return Receipt Requested

....., Chairperson
Tribal organization
Atlanta, Georgia

Dear Chairperson:

Enclosed is a copy of the Findings and Determination which reflects a final decision of the Awarding Official with respect to the Single Audit Report on the Tribal Organization for the Fiscal Year Ended September 30, 2014 (Report No. *ARTT 2014-0000* issued April 10, 2015), and received by the Secretary, through the Division of Internal Evaluation and Assessment (DIEA) on [*insert date*].

You have a right to dispute any information contained in the Awarding Official's final decision. Should you elect to file an appeal, the following appeal notice is hereby provided:

APPEAL NOTICE

This is a final decision of the Awarding Official. You may appeal this decision to the Civilian Board of Contract Appeals, 1800 F Street, NW, Washington, DC 20405. The Civilian Board of Contract Appeals (CBCA) is the authorized representative of the Secretary of the Interior with jurisdiction to hear and determine appeals relating to contracts (or grants) made by any Bureau or Office of the Department of the Interior.

If you decide to appeal, you must mail or otherwise furnish a written notice of appeal to the CBCA within 90 days of receipt of this decision and provide a copy to the Authorizing Official from whose decision the appeal is taken. The notice of appeal must indicate that an appeal is intended, reference this decision, and identify the contract number and the audit report number.

Illustration 12 continued

If you appeal to the CBCA, you may, solely at your election, proceed under the Board's small claims procedure for claims of \$50,000 or less or its accelerated procedure for claims of \$100,000 or less. Instead of appealing to the CBCA, you may bring an action directly in the U.S. Court of Federal Claims within 12 months of the date you receive this decision.

Sincerely,

[Insert name of "Awarding Official"]

[Insert title of awarding official]

Illustration 13

United States Department of the Interior
[Applicable Letterhead]

Insert Date

Memorandum

To: Interior Business Center, DOI
ATTN: Accounts Receivable

From: *(name)*
Awarding Official, *(office/region)*

Subject: Request for Bill for Collection – Audit Report # *(number)*

Please issue a Bill for Collection #SC *(audit report number)* in the sum of \$(*total amount*) to:

(Customer name)
(ATTN :)
(address)
(address)
(address)

The attached Findings and Determination dated *(date)* is the basis for this action. This bill is to be credited to the following accounting line(s) charged under the original award.

(Organization/BFY(s)/Program/Job # (if applicable)/ Object Class)
Example: D55F14/20092010/E3000/252I

Please provide this office with a copy of the Bill for Collection. If you have questions or need additional information, please call me on *(phone number)*.

Attachment

cc: Regional Office, Accounting Management
Division of Internal Evaluation and Assessment

Illustration 14

United States Department of the Interior
[Applicable Letterhead]

[Insert date]

Memorandum

To: Interior Business Center, DOI
ATTN: Accounts Receivable

From: *(name)*
Awarding Official, *(office/region)*

Subject: Request for Suspended Action – Audit Report # *(number)*

Please permanently/temporarily suspend collection efforts related to Bill for Collection #SC
(audit report number) in the sum of \$*(total amount)* to:

(Customer name)
(ATTN :)
(address)
(address)
(address)

The attached revised Findings and Determination dated *(date)* is the basis for this action. If you have questions or need additional information, please call me on *(phone number)*.

Attachment

cc: Regional Office, Accounting Management
Division of Internal Evaluation and Assessment