

INDIAN AFFAIRS

SINGLE AUDIT REPORT

HANDBOOK

5 IAM 2-H



Deputy Assistant Secretary – Indian Affairs (Management)
Office of the Chief Financial Officer (OCFO)
Division of Internal Evaluation and Assessment (DIEA)
12220 Sunrise Valley Drive
Reston, Virginia 20191

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FOREWORD

This handbook documents the Indian Affairs' (IA) procedures to initiate, resolve, and close out Single Audit reports. It supersedes all procedures and handbooks related to Single Audits that may have been previously issued. This handbook is the companion to the Indian Affairs policy 5 IAM 2: Management Accountability - Single Audits.

This handbook is intended for IA employees who have the roles and responsibility of reviewing, resolving, and closing Single Audit reports. Several IA offices play an important role in the Single Audit process, including the Director, Bureau of Indian Affairs and the Director, Bureau of Indian Education, along with their respective regions, and the Office of the Chief Financial Officer. Their roles and responsibilities are defined in 5 IAM 2. The examples of memorandums, letters, and other documents provided as attachments should be used throughout the process. These attachments should be considered examples as it is not possible to create a template to cover every possible scenario. It is the responsibility of respective Awarding Officials to tailor the documents to their specific circumstance.

In addition to the procedures for initiating, resolving, and closing audit reports, this handbook describes the management reports provided to respective IA employees and designated officials on the status of overdue Single Audit reports, unresolved audits, and audit-related debt.

JASON FREIHAGE Digitally signed by JASON FREIHAGE
Date: 2021.10.28 14:51:11 -04'00'

10/28/21

Jason Freihage
Deputy Assistant Secretary – Management

Date

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Chapter 1: Initiation and Submission

The Single Audit Act and Title 2, Code of Federal Regulations (CFR) Chapter II, Part 200 (2 CFR 200) require 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.

For Indian Tribes/Tribal organizations that meet the \$750,000 requirement, recipients must initiate Single Audits by engaging independent audit firms to conduct audits for the applicable FY and submit audit reports within nine months after the end of the period audited. For instance, if a Tribe's FY ends on June 30 and the Tribe meets the \$750,000 requirement, the Tribe must initiate a Single Audit and submit the audit report by March 31 of the following year.

Tribes/Tribal organizations that do not meet the \$750,000 annual expenditure amount are not required to comply with the Single Audit Act and 2 CFR 200 requirements. However, Indian Affairs (IA) policy (5 IAM 2) requires Awarding Officials (AOs) to obtain a certification from those Tribes/Tribal organizations stating that they are not required to comply because they do not meet the threshold requirement for completing a Single Audit. An example of a certification statement is provided in [Attachment 1](#).

The 2 CFR 200 requires each applicable recipient to submit an electronic copy of the Single Audit report (SAR) to the Federal Audit Clearinghouse (FAC). In addition, Public Law (P.L.) 93-638 requires that each applicable Indian Tribe(s)/Tribal organization to submit a copy of the SAR to the Secretary of the Department of the Interior (DOI). The IA Division of Internal Evaluation and Assessment (DIEA) is the designated office to receive the SAR on behalf of the Secretary. The submission to the DIEA can be done electronically via email or in hard copy through regular mail. As such, Indian Tribes/Tribal organizations must submit their required SARs to the FAC and DIEA.

DIEA monitors the receipt of IA SARs to identify delinquent submissions and notifies AOs of missing audit reports. AOs must contact recipients requesting the timely submission of delinquent SARs. [Attachments 2, 3, 4, 5, 6, and 7, contain examples to assist the AOs with their requests and communication.](#)

Chapter 2: Single Audit Report Review, Resolution, and Closure

The SAR is the main tool used by IA to monitor federal financial assistance funds awarded to non-federal entities. A thorough analysis of a SAR is critical in identifying deficiencies in the recipient's compliance with the provisions of laws, regulations, or contracts/grant agreements, and any weaknesses in its financial management and internal control systems. Correcting such deficiencies and weaknesses will reasonably assure the effective use of federal funds and reduce federal improper payments.

2.1 Single Audit Report Review

DIEA manages the overall SAR review process, monitors the status of all SARs from Indian Tribes/Tribal organizations, and maintains a case management system that tracks the status of

SARs and their resolutions. Upon receiving a SAR from the FAC and a recipient, DIEA will perform an initial SAR review that includes:

- 1) creating a case in the SAR tracking system;
- 2) reviewing and determining the type of SAR findings and/or other issues that require management decision(s) and/or response(s);
- 3) identifying and notifying responsible AO and IA office; and
- 4) if a SAR has finding(s) or/and issues(s), preparing a DIEA memorandum and sending it to the responsible AO.

If an AO receives an advanced copy of a Tribe/Tribal organization's SAR, they don't have to wait for a memorandum from DIEA to begin reviewing the audit report and, if applicable, addressing the findings/issues. However, the AO must verify that the report was received by DIEA and coordinate with DIEA to verify the type of audit findings, issues, and required management actions and responses. The AO must perform the same required responsibilities in reviewing and resolving SAR findings and/or issues.

AOs play a critical role throughout the SAR review and resolution. While the AOs' responsibilities are broadly defined in the 5 IAM 2, their required actions are described in the following three key areas: a) management decisions, b) misapplication of federal funds, and c) questioned costs.

2.2 Single Audit Report Review Scenarios

Following are examples of the outcomes from DIEA's initial review of the SAR.

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

If there are no audit findings or other issues identified in the report, DIEA will provide the AO 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 management decision and response are not required from the AO. The AO then advises 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.

B. No Federal Award Findings - No Questioned Costs - But Other Issues

When there are no federal award findings or questioned costs, there may be other issues identified by DIEA and described in its memorandum. Other issues will primarily involve the protection of advanced IA funds (deferred revenue), the proper use of advanced IA funds, and/or the potential misapplication of federal funds. DIEA provides its analysis to the respective AOs and may require a response depending on the significance of the issue.

When a response is requested by DIEA, the AO will be required to provide a response within 120 days after the FAC completion date. The AO must follow-up with the auditee to discuss

the issues and provide DIEA with the results of the discussion by the specified date. The AO's response to DIEA must indicate that additional supporting documentation was received or actions that the Tribe/Tribal organization will be taking or has taken to address the issue and what actions the AO may be taking to mediate the problem. In some cases, the AO will need to issue a Findings and Determination (F&D), similar to [Attachment 9](#) or [Attachment 11](#), to the Tribe/Tribal organization, an appeal notice, similar to [Attachment 12](#), and provide copies of all correspondence with an accompanying memorandum, similar to [Attachment 8](#) or [Attachment 10](#), to DIEA.

When a response is not requested by DIEA, the AO will share the other issues identified with the auditee to and recommend they take necessary actions to mitigate the issues before they escalate to a significant finding that will require a formal response and resolution in the future.

C. 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 management decision within 120 days after the FAC completion date. The AO must review the audit report and corrective action plan (CAP), if included, and determine whether the planned actions will address the federal award finding(s). If a CAP is not provided, the AO must contact the Tribe/Tribal organization and assist them, if necessary, in developing a CAP to address the federal award findings.

D. Federal Award Findings - No Questioned Costs - But Other Issues

When there are federal award findings with no questioned costs, but there are other issues, the memorandum from DIEA will request a management decision and response within 120 days after the FAC completion date.

The AO must review the audit report and CAP(s), if included, and determine whether the planned actions will address the federal award findings. If a CAP is not provided, the AO must contact the Tribe/Tribal organization and assist them, if necessary, in developing a CAP to address the federal award findings.

Other issues may include potentially misapplied funds or critical control weaknesses that will need to be addressed. The AO must review the issues raised by DIEA and begin to address them with the Tribe/Tribal organization. The AO's response to DIEA must indicate the actions or additional supporting documentation that the Tribe/Tribal organization will be taking or has taken to address the issue and what actions the AO may be taking to mediate the problem. In some cases, the AO will need to issue an F&D, similar to [Attachment 9](#) or [Attachment 11](#) to the Tribe/Tribal organization, an appeal notice, similar to [Attachment 12](#), and provide copies of all correspondence with an accompanying memorandum similar to [Attachment 8](#) or [Attachment 10](#), to DIEA.

E. 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 management decision and response within 120 days after the FAC completion date. The AO must review the audit report and CAP, if included, and determine whether the planned actions will address the federal award findings. If a CAP is not provided, the AO must contact the Tribe/Tribal organization and assist them, if necessary, in developing a CAP to address the federal award findings.

The AO must also determine whether the questioned costs should be sustained (disallowed) or reinstated (allowed). The AO will need to issue an F&D, similar to [Attachment 9](#) or [Attachment 11](#), including a disposition on the costs in question, to the Tribe/Tribal organization, an appeal noticed, similar to [Attachment 12](#), and provide copies of all correspondence with an accompanying memorandum similar to [Attachment 8](#) or [Attachment 10](#), to DIEA.

F. 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 management decision and response within 120 days after the FAC completion date. The AO must review the audit report and CAP, if included, and determine whether the planned actions will address the federal award findings. If a CAP is not provided, the AO must contact the Tribe/Tribal organization and assist them, if necessary, in developing a CAP to address the federal award findings.

The AO must review other issues that include the potentially misapplied funds and critical control weaknesses that will need to be addressed with the Tribe/Tribal organization. The AO's response to DIEA must indicate that additional supporting documentation was received or actions that the Tribe/Tribal organization will be taking or has taken to address the issue and what actions the AO may be taking to mediate the problem.

The AO must also determine whether the questioned costs, including the questioned costs from the potential misapplied funds, should be sustained (disallowed) or reinstated (allowed). The AO will need to issue an F&D, similar to [Attachment 9](#) or [Attachment 11](#), including a disposition on the costs in question, to the Tribe/Tribal organization, an appeal notice, similar to [Attachment 12](#), and provide copies of all correspondence with an accompanying memorandum, similar to [Attachment 8](#) or [Attachment 10](#), to DIEA.

2.3 Resolution Procedures

A. Management Decisions

The 5 IAM 2 requires the Directors of BIA and BIE, Regional Directors, and all applicable AS-IA office Directors to ensure their respective AOs issue management decisions. Specifically, AOs must perform the following when issuing management decisions:

- 1) Review memorandum from DIEA that highlights the findings, other issues, and questioned costs that require management actions and resolutions.

- 2) Request SAR technical assistance from DIEA as needed regarding the type of findings, required management actions, and other SAR responses or issues.
- 3) If SAR audit findings or/and issues requires a management decision on whether a questioned cost should be reinstated (allowable) or sustained (disallowed), AOs must issue management decisions within 120 days after the FAC completion date. The failure of the recipient to provide documents supporting the expenditure of federal funds for questioned costs does not relieve the AO of the responsibility for issuing a timely management decision.
- 4) Request applicable additional information from the recipient if the AO determines that additional supporting material is necessary in determining whether the identified questioned costs are allowable or disallowable.
- 5) Provide technical assistance upon request from recipient and/or assist the recipient to identify another source of assistance.
- 6) If a SAR audit finding requires a management decision on correcting internal controls or noncompliance, a CAP is required from Tribes/Tribal organizations. AOs must review the CAP provided and coordinate with responsible Tribes/Tribal organizations to issue a management decision within 120 days from the FAC completion date.
- 7) Assist the recipient in developing a CAP upon request if there are findings of non-compliance or internal control weaknesses.
- 8) If there was no CAP provided or if the AO believes the CAP provided does not meet the requirements or will not resolve the finding, the AO must contact the Tribe/Tribal organization and inform them that the CAP submitted was not sufficient or did not meet the requirements and an appropriate CAP must be submitted.
- 9) Review available information provided in the recipient's CAP, 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 may be able to make determination and a management decision about audit findings and questioned costs based on the recipient's CAP.
- 10) If additional time is needed for issuing a management decision, the responsible AO can request DIEA to grant an extension of an additional 30 days, but not to exceed a total of 150 days from the FAC completion date.

Management decisions not issued after 120 days are not in compliance with 5 IAM 2. Management decisions not issued after six (6) months are not in compliance with the 2 CFR 200. Regularly, DIEA communicates and reports SAR compliance status to AOs, Regional Directors and Deputies, the Director of BIA, BIE, and the Office of Self-Governance (OSG).

B. Misapplication of Federal Funds – Other Issues

Misapplication of Funds is the expenditure of funds by a recipient for any purpose other than to pay costs for programs included in an IA funding agreement. After receiving the SARs, DIEA will conduct a review of the recipient's financial statements, which sometimes disclose one or more of the following conditions:

- 1) a deficit cash balance in the general fund;
- 2) insufficient balances in cash or investments to cover deferred revenue in the special revenue fund; and/or
- 3) amounts “due from” other funds to the special revenue fund.

Each of the three situations above is an indicator of potential misapplication of funds.

If DIEA identifies a potential misapplication of funds, AOs must conduct further inquiry with the relevant recipients. If it is determined that IA funds have been misapplied, the AO must document the misapplication of funds by issuing a F&D memorandum and take the following actions:

- 1) *Potential Misapplied Funds.* If funds provided with IA awards have been used for any other purpose other than allowed for in the original funding agreement, the AO must initiate the recovery of the IA funds that have been misapplied. If a recipient has multiple IA awards, DIEA reviews the total available cash and investment balances for IA awards against the total IA deferred revenue. DIEA provides its identification of potential misapplication of funds to respective AOs. The AOs must coordinate with respective recipients to resolve issues identified. 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. In these instances, AOs must review recipients’ cash management process, such as if IA funds are maintained in a totally separate checking, savings, or investment account. The AOs must request supporting documentation from the recipients to determine the proportionate share of the cash deficiency that is applicable to IA awards and recover that amount as questioned costs.
- 2) *Recovery of Misapplied Funds.* To resolve potential misapplication of funds identified by DIEA, AOs must provide responses to DIEA within 120 days after the FAC completion date. Any delay in responding and resolving the potential misapplication of funds will significantly impact AOs’ timely rendering management decisions in accordance with the 5 IAM 2 and/or the 2 CFR 200.
- 3) *Additional Conditions or Sanctions.* The AO may impose additional conditions or remedies. In accordance with 2 CFR 200, if a non-Federal entity fails to comply with the terms and conditions of a federal award, additional conditions or remedies may be imposed.

C. Questioned Costs

A questioned cost is a cost that is questioned by the SAR auditor and/or DIEA. If a SAR finding and/or review identifies questioned costs, the responsible AO must make a determination on the allowability of the questioned costs. Following are the possible outcomes along with the actions, the AO must perform:

- 1) No outstanding issues: After all potential misapplication of funds are resolved and all

questioned costs are reinstated, the AO will notify the recipient of allowable costs by letter including a F&D and the recipient's appeal rights. Provide copies of the recipient's letter and F&D to DIEA with a memorandum recommending that the SAR be closed (see Attachments [8](#), [9](#), and [12](#)).

- 2) Items outstanding: When there are potential misapplication of funds and/or questioned costs remaining, this may be considered disallowed costs. The responsible AO will issue a formal notice (letter) of the decision to the recipient by certified mail (see [Attachment 10](#)). The letter must also include the recipient's appeal rights under 25 CFR 900 (see [Attachment 12](#)) as well as a statement indicating the Bureau's intent to initiate the debt collection process within 90 calendar days. A copy of the AO's F&D must also be attached (see [Attachment 11](#)).

If the recipient has not appealed the AO's decision within 90 calendar days, the AO will send a request to the Interior Business Center (IBC) to issue a Bill of Collection to recover the identified disallowed costs (see [Attachment 13](#)).

If a recipient appeals the AO's decision, or payment/settlement negotiations are ongoing, the AO must not initiate the Bill of Collection. If the Bill has been issued, the AO must notify IBC in writing to immediately cease all collection efforts (see [Attachment 14](#)).

Throughout the entire SAR review and resolution process, the DIEA must be notified by memorandum of all management decisions and questioned cost determinations, to include copies of the F&D and all correspondence to the recipients and IBC (see Attachments [10](#), [11](#), [13](#), and [14](#)). These actions enable the DIEA to regularly monitor and update the SAR case management system to timely and accurately reflect the status of unresolved audits and audit-related debt.

2.4 Single Audit Report Closure

A. Single Audit Reports with No Disallowed Costs

If management decisions, including F&Ds, on SAR findings/issues are acceptable, DIEA will close the audit and update the status in the SAR case management system.

B. Single Audit Reports with Disallowed Costs

All correspondence related to collections, compromises, reinstatement of disallowed costs, or transfer of delinquent audit related debts either to the U.S. Department of the Treasury (Treasury) for collection actions or to the Civilian Board of Contract Appeals for appeal must be provided to DIEA.

DIEA cannot close the SAR until the disallowed costs are repaid, reinstated, or settled through negotiations.

DIEA is responsible for tracking and monitoring the SAR closure status. Regularly, DIEA communicates and reports SAR closure status to AOs, Regional Directors and Deputies, Director of BIA, BIE, and the Office of Self-Governance (OSG).

2.5 Unresolved Single Audit Reports

While the responsibility for determining the resolution of questioned costs rests with the AO, 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 SAR remains unresolved, the AO will offer technical assistance to the recipient. In serious situations, the AO 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 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 may initiate re-assumption procedures. The AO will issue a letter to the Tribe/Tribal organization, similar to [Attachment 7](#).

Chapter 3: Remedies for Noncompliance

The Single Audit Act and 2 CFR 200 provide the authority for implementing remedies when recipients are delinquent in submitting their SARs. Specifically, recipients who fail to submit a SAR by the due date will be subject to the remedies for noncompliance as documented in 2 CFR 200.339 - Remedies for Noncompliance. Draft audit reports or statements that the report is in the mail are not sufficient action to remove imposed remedies. All delinquent SARs must be submitted in order for a Tribe/Tribal organization to be in full compliance with the regulations and to be removed from remedies.

Federal agencies may not grant extensions to the due date for Single Audit submissions. If the auditee or auditor wishes to inform the federal agency that they will be late, they may do so by contacting the federal oversight or cognizant agency for the audit.

Consistent with 2 CFR 200.339, recipients who fail to submit a SAR by the due date will be subject to the remedies for noncompliance described below.

3.1 Remedies for Noncompliance - 2 CFR 200.339

In cases of continued inability or unwillingness to have an audit conducted in accordance with 2 CFR 200.505 – Sanctions, federal agencies and pass-through entities must take appropriate action as provided in 2 CFR 200.339 - 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 2 CFR 200.208 - 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 actions documented in 2 CFR 200.339, as appropriate in the circumstances. Specific remedies for noncompliance include:

- 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.

3.2 IA Procedures for Imposing Remedies (Sanctions)

If the audit report is not received by DIEA by the due date, appropriate actions listed below should be imposed on the Tribe/Tribal organization immediately following the due date. At the AO's judgement, these remedies for noncompliance could be imposed simultaneously. However, if the AO decides to impose the remedies separately, the AO should wait a reasonable time (not to exceed 45 days) between imposing the remedies.

- A.** A request/warning letter should be sent with a return receipt requesting that all delinquent audit reports be submitted by a prescribed due date. In addition, the specific remedies that could be imposed for their continued failure to comply should be outlined where applicable (see Attachments [2](#), [3](#), and [4](#)).
- B.** A letter of Notice of Remedies for Noncompliance - Change in Payment Method, similar to [Attachment 5](#), will 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.
- C.** A letter of Notice of Remedies for Noncompliance - Withholding of Contract Support Funds, similar to [Attachment 6](#), will 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 drawdowns of all award funds, contract support payments will be withheld until the audit report(s) is submitted. This action is subject to appeal, and the Tribe/Tribal organization should be informed that they have the option of appealing this decision. Appeals from this action are governed by the regulations contained in subpart N of 25 CFR 900 and should be

clearly stated in the letter, similar to [Attachment 12](#).

- D.** If the Tribe/Tribal organization is approaching three years overdue in submitting its audit report and other appropriate remedies have already been taken, a letter of Notice of Intent to Reassume, similar to [Attachment 7](#), will be sent 90 days before the end of the third year that the audit reports are delinquent. A second notice should be sent about 45 days before the end of the third year that the audit report was due.
- The Solicitor’s Office should be contacted to place them on notice of a potential legal proceeding and to provide them with an opportunity to review the facts prior to proceeding with re-assumption. 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 SAR 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 will work with Tribes/Tribal organizations that are delinquent in submitting their SARs to prevent non-emergency reassumption. Appeals from this action are governed by the regulations contained in subpart N of 25 CFR 900 and should be clearly stated in the letter similar to [Attachment 12](#).

Chapter 4: Disallowed (Sustained) Costs/Debt owed to Federal Government

4.1 Collection of Disallowed Costs

A. Debts Owed to the Government

Once the AO has determined that certain costs are disallowed, these amounts are debts owed by the recipient to the DOI Secretary. The AO must issue a F&D letter and the Appeal Notice similar to [Attachment 11](#) and [Attachment 12](#), to the Tribe/Tribal organization. The recipient has 90 days to appeal the AO’s determination of disallowed costs. After 90 calendar days from the date of issuing the F&D and the Appeal Notice, the AO must issue a memorandum ([Attachment 13](#)) to the IBC to request the issuance of the Bill of Collection. On some occasions, if an AO decided to suspend the debt collection by IBC, the AO must issue a memorandum ([Attachment 14](#)) to the IBC to request the cancellation of the Bill of Collection. DIEA cannot close the SAR until the disallowed costs are repaid, reinstated, or settled through negotiations.

B. Delinquent Debts

Once the Bill of Collection is issued, federal debts that are 120 days or more delinquent will be referred by the IBC to Treasury for further collection actions. Once delinquent debts are referred, Treasury has delegated authority from IA to pursue collection actions to include charging applicable interest, penalties and administrative costs on the debts that meet the provisions of 31 U.S.C. § 3717 and 31 CFR 901.9.

C. Time Limitation

Section 106(f) of the ISDEAA (25 U.S.C. § 450j-1(f)) limits the authority of IA to bill or collect disallowed costs as a result of a SAR, unless notice of the disallowance has been rendered within 365 days of receipt of the SAR by the DOI Secretary. DIEA is the office designated to receive copies of the SARs on behalf of the Secretary; therefore, the date the SAR is received by DIEA is the official date of receipt for the 365-day rule.

4.2 Reinstatement of Previously Disallowed Costs

If a recipient provides the AO with additional information, the AO must review to determine if some or all of the previously disallowed costs should be reinstated. In situations such as this, the AO must issue a revised management decision letter to the recipients, including a revised F&D. Copies of all correspondence must be provided to DIEA, and a memorandum must be sent to IBC requesting that they suspend the collection efforts, if appropriate, similar to [Attachment 14](#).

4.3 Suspend, Terminate, or Compromise Audit Related Debt

The IA Chief Financial Officer (CFO) has delegated authority 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 CFO exercises this authority in consultation with the Department's Solicitor's Office.

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 concurrence from the CFO.

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

Chapter 5: Deferred Revenue - Advanced Payments Restrictions

Advance payments made by the DOI to Indian Tribes/Tribal organizations 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 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:

- A.** 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

- B. 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.

5.1 IA Procedures for Addressing Noncompliance

If a SAR indicates that the recipient has failed to comply with the above requirement, the AO 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 will place the recipient on a quarterly payment schedule until the recipient provides evidence that the funds are secured as required by law.

Chapter 6: Single Audit Report – Monitoring and Reporting

DIEA monitors the overall SAR process: submission, review, resolution, and closure; and maintains the SAR case management system that tracks the status of SARs and their resolutions. Regularly and ad-hoc, DIEA provides reports to AOs and Regional and IA management officials on the status of overall IA SAR compliance, unresolved audits, and audit-related debt.

On a monthly basis, DIEA communicates and reports to AOs and Deputy Regional Directors on the status of the IA compliance with Single Audit requirements. DIEA's reports generally include the following areas of SAR compliance and status:

- **Delinquent Single Audit Report Submissions**

The Delinquent Single Audit Report Submissions lists those Tribes/Tribal Organizations who have failed to submit the required SAR by their required submission dates.

- **Single Audit Management Decisions – Overdue**

The 2 CFR Part 200 requires Federal awarding agencies to issue a Management Decision on audit findings within six months after the receipt of the report. The Department of Interior (DOI) Office of Financial Management (PFM) issued Financial Management Memorandum (FMM 2014-024), which states that management decisions are due within 120 days of the FAC completion date.

The Single Audit Management Decisions - Overdue Report contains those SARs with overdue Management Decisions. Management decisions are overdue when the AO does not render a Management Decision on the finding(s) and/or questioned costs by the required due date (120 days).

- **Single Audit Management Decisions – Coming Due**

The Management Decisions Coming Due Report contains those SARs that have management decisions due to DIEA within the next 45 days before reaching the overdue status (120 days).

- **Single Audit Open Findings and Disallowed Costs being Track for Collection**

The Single Audit Open Findings and Disallowed Costs Being Tracked for Collection Report lists the Tribes/Tribal Organizations with SAR related debts (disallowed costs) owed to IA and those with open findings. This DIEA report does not show amounts collected and may not represent the most up-to-date debt collection activities. For information on payments made by recipients and the most current outstanding debt, AOs or recipients should contact IBC for details.

Regularly and ad-hoc, DIEA sends email reminders for management decisions that have not been received to respective AOs 30 days prior the 120-day due date. In addition, DIEA sends another reminder to respective AOs 30 days prior the six month requirement of the 2 CFR 200.

In addition to the regular communications with AOs and Deputy Regional Directors on delinquent SAR submissions and the status of SAR management decisions, DIEA reports to the Regional Directors, Directors of BIA and BIE, and all applicable AS-IA office Directors at least semi-annually on the overall SAR compliance, unresolved audits, and audit related debt. Specifically, the following are the areas of DIEA SAR reporting to the IA designated officials:

- Delinquent SAR submissions;
- Overdue and noncompliance on issuing SAR Management Decisions;
- SAR Disallowed Costs and Potential Disallowed Costs Barred from Collection; and
- SAR Closure Status.

Definitions

- A. **Awarding Official (AO)** includes IA Awarding Officials, Grant Officers, Education Program Administrators, 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”) are those charges to a federal award that the federal awarding agency or AO determines to be unallowable.
- 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) Letter** 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 audit finding(s) and recommendation(s) on an audit report.
- 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. **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.
- J. **Recipient** as used in this document 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.

- K. Reinstated Cost** is a questioned cost that an AO has determined is an allowable charge to the federal award.
- L. Resolved Audit** means that the DIEA has accepted the management decision concerning the audit findings.
- M. 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.
- N. 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.

Attachment 1 - Certification

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
Office of the Chief Financial Officer
12220 Sunrise Valley Drive
Reston, VA 20191
oiea@bia.gov

Attachment 2 – Request for Submission of Single Audit Report

Page 1 of 2

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 remedies that the (*insert Bureau or Office*) intends to impose if the report is not received by the due date.

2 Code of Federal Regulations (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 200.339 Remedies for Noncompliance.

2 CFR 200.339 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 § 200.208 - 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.

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 Chief Financial Officer
Assistant Secretary – Indian Affairs
12220 Sunrise Valley Drive
Reston, Virginia 20191

E-mail: oiea@bia.gov

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 remedies, 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

Attachment 3 - Request for Submission of Single Audit Report to DIEA

Page 1 of 2

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 Office of the Assistant Secretary – Indian Affairs, 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:

Division of Internal Evaluation and Assessment
Office of the Chief Financial Officer
Assistant Secretary – Indian Affairs
12220 Sunrise Valley Drive
Reston, Virginia 20191

E-mail: oiea@bia.gov

Thank you for your cooperation in this matter.

Sincerely,

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

cc: DIEA

Attachment 4 – Request for Submission of SAR 2nd Notice

Page 1 of 2

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. § 5305(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 remedies that *(insert Bureau or Office)* intends to impose if the report is not received.

Code of Federal Regulations (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 200.339 Remedies for Noncompliance.

2 CFR 200.339 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 the non-compliance 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.

To avoid imposition of these sanctions you are encouraged to submit your Single Audit. The Single Audit report should be submitted to the Federal Audit Clearinghouse and to DIEA by mail or electronically at the following addresses:

Division of Internal Evaluation and Assessment
Office of the Chief Financial Officer
Assistant Secretary – Indian Affairs
12220 Sunrise Valley Drive
Reston, Virginia 20191
E-mail: oiea@bia.gov

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. IDES can be accessed at: <https://facweb.census.gov>

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 remedies, 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

Attachment 5 – Notice of Change in Payment Method

Page 1 of 2

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.

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 200.339 Remedies for Noncompliance.

Attachment 5 continued

2 CFR § 200.339 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 remedies, 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://facweb.census.gov/</p>	<p>U.S. Department of the Interior Assistant Secretary – Indian Affairs Office of the Chief Financial Officer Division of Internal Evaluation and Assessment 12220 Sunrise Valley Drive Reston, Virginia 20191 E-mail: oiea@bia.gov</p>
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We suggest that audits be mailed “return receipt requested.”

Sincerely,

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

cc: DIEA

Attachment 6 – Notice of Withholding of Contract Support

Page 1 of 3

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. § 5305(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 in 2 CFR 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Funds.

Attachment 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 200.339 Remedies for Noncompliance.

2 CFR § 200.339 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 reports 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://facweb.census.gov</p>	<p>U.S. Department of the Interior Assistant Secretary – Indian Affairs Office of the Chief Financial Officer Division of Internal Evaluation and Assessment 12220 Sunrise Valley Drive Reston, Virginia 20191 E-mail: oiea@bia.gov</p>
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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 M Street, NW, 6th Floor, Washington, DC 20036. 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.*

Attachment 7 – Notice to Intent to Reassume

Page 1 of 2

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. § 5305(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 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 C.F.R. § 900.247(b)(2)(i). 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.

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.

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>IDES can be accessed at: https://facweb.census.gov</p>	<p>U.S. Department of the Interior Assistant Secretary – Indian Affairs Office of the Chief Financial Officer Division of Internal Evaluation and Assessment 12220 Sunrise Valley Drive Reston, Virginia 20191 E-mail: oiea@bia.gov</p>
--	---

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

Sincerely,

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

cc: DIEA

Attachment 8 – Memorandum to DIEA Director to Close the Audit

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, 2020
(Report No. ARTT 2020-0000)

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

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
Town, State
Telephone (...).....

Audit Report No.: ARTT 0000-0000

Audit Period: Fiscal Year Ended September 30, 2020

Awarding Official: Name
Bureau of Indian Affairs/Bureau of Indian Education/OSG
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 2020 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 Chief Financial Officer 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)

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, 2020 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, 2020, the Tribe/School provided purchase orders and invoices for the expenditures in question.

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, 2020, 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

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

Attachment 10 – Memo to DIEA Director Sustained Questioned Costs

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.

This is a final decision of the Awarding Official. The recipient may appeal this decision to the Civilian Board of Contract Appeals, 1800 M Street, NW, 6th Floor, Washington, DC 20036. 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.

After the 90 days has expired, I shall take federal debt collection effort immediately by requesting the Interior Business Center (IBC) to issue the Bill of Collection of the unallowable amount of \$22,000.

cc: ABC Tribe

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 2020-0000

Audit Period: Fiscal Year Ended September 30, 2020

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 2020 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 Chief Financial Officer 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)

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, 2020, 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, 2020, 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.

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, 2020, 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.

This is a final decision of the Awarding Official. You may appeal this decision to the Civilian Board of Contract Appeals, 1800 M Street, NW, 6th Floor, Washington, DC 20036. 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.

After the 90 days has expired, I shall take federal debt collection effort immediately by requesting the Interior Business Center (IBC) to issue a bill of collection requiring you to reimburse the *[insert Bureau or Office]* for a total of \$22,000.

Attachment 11 continued

If you do not reimburse the *[insert Bureau or Office]* 120 days after the bill of collection was issued, the outstanding federal debt will be transferred to the U.S. Department of the Treasury for collection actions.

Name, Awarding Official
Warrant # (if applicable)

Date

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

Attachment 12 – Appeal Notice

United States Department of the Interior
[Applicable Letterhead]

Insert Date

Certified Mail - Return Receipt Requested

....., Chairperson
Tribal Organization
Atlanta, Georgia

Dear Chairperson:

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 M Street, NW, 6th Floor, Washington, DC 20245. 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.

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]

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

Attachment 13 – Request for Bill of Collection

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 of Collection – Audit Report # *(number)*

Please issue a Bill of 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/E3000/2521

Please provide this office with a copy of the Bill of 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

Attachment 14 – Request to Suspend Collection

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 of 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