



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 9
75 Hawthorne Street
San Francisco, CA 94105

DEC 18 2015

MEMORANDUM

SUBJECT: Proposed Management Decision Letter
Walker River Paiute Tribe Needs to Improve Its
Internal Controls to Comply with Federal Regulations
Report No. 15-2-0165

FROM: Craig A. Wills *A. Wills*
Grants Management Officer
Environmental Management Division

TO: John Trefry
Director of Forensic Audits
Office of Inspector General

Thank you for the opportunity to respond to the issues and recommendations in the subject audit report. Following is a proposed summary of the agency's overall position, along with its position on each of the report recommendations.

Recommendation 1: *Recover the unsupported amount of \$391,443 for Walker River Paiute tribal employees who charged their time to various EPA grants without proper payroll certifications, unless the tribe can provide adequate supporting documents.*

EPA Response: The tribe has provided proper payroll certifications to support the questioned costs. EPA considers this issue resolved.

Recommendation 2: *Recover the unsupported amount of \$103,432 for noncompliant timekeeping practices, unless the Walker River Paiute Tribe can provide adequate supporting documents.*

EPA Response: The Tribe has submitted documentation, but not sufficient to support the questioned costs of \$103,432. EPA will work with the Tribe to recover \$103,432.

Recommendation 3: *Recover the ineligible amount of \$1,591 from the Walker River Paiute Tribe for inappropriate calculations of 2013 indirect costs.*

EPA Response: A refund check for \$1,591 was received from the Tribe on November 3. EPA considers this issue resolved.

Recommendation 4: *Recover the unsupported amount of \$346,602 for the lack of support for in-kind contributions, unless the Walker River Paiute Tribe can provide adequate supporting documents. Furthermore, the recovery amount under this recommendation should be increased by any recovery amount offset by adequate supporting documents under Recommendations 1 and 2 above for grants I-99950312 and C9-99T02701.*

EPA Response: The Tribe provided supporting documentation for the in-kind contribution. EPA will not seek to recover funds for this finding. The Tribe also implemented new procedures to track in-kind contributions, developed and implemented an in-kind contribution form, and timesheet form to track in-kind match.

Recommendation 5: *Require the Walker River Paiute Tribe to establish internal controls to ensure compliance with federal regulations and tribal policies.*

EPA Response: Walker River Paiute Tribe has submitted a corrective action with target completion date of March 2016. The Tribe plans to institute and update all policies and procedures to be in compliance with 2 CFR Part 200. The tribal council, finance, and the Housing Department are working with a consultant to get this in place by March 2016. The financial management policy/procedures will be updated to ensure internal controls in compliance with 2 CFR Part 200. The Tribal Treasurer is currently reviewing the Revenue and Expense reports monthly. A Contracts and Grants accountant and General Ledger accountant will be hired to ensure separation of duties and compliance. The Tribe will perform monthly General Ledger reconciliations to ensure internal controls. The Tribe hired a new Finance Director and has implemented a new timesheet which will show hours worked on multiple grant fund codes and a daily activity log to support the timesheets. EPA will continue to monitor and track the Tribe's progress.

Recommendation 6: *Recover \$151,895 for grant tasks that remain incomplete under EPA GAP grant GA-9692620, unless the Walker River Paiute Tribe can provide adequate documents to substantiate completion of grant task.*

EPA Response: The incorrect grant number was referenced in the audit report. The correct EPA GAP grant is GA-97975301. EPA Program Office has reviewed and approved documentation to substantiate completion of grant tasks within grant GA-97975301. EPA will not seek to recover \$151,895 for grant tasks and considers this issue resolved.

Recommendation 7: *Implement special grant conditions for future GAP grants awarded to the Walker River Paiute Tribe, and require completion of grant tasks before grant payments are made.*

EPA Response: The Tribe has not applied for a GAP grant since FY14. EPA will continue to monitor and track the Tribe's progress on the corrective action plan and submittal of future deliverables. If the Tribe does not comply, EPA will revisit special conditions. EPA will not incorporate special conditions restricting grant payment at this time.

Per EPA Order 2750, please let me know within 15 calendar days whether you find this response acceptable. Should you or your staff have any comments, questions, or concerns, please contact Magdalen Mak, Regional Audit Follow-up Coordinator at (415) 972-3773 or Marie Ortesi at (415) 972-3710.

cc: Laura Ebbert, Manager, LND3-1, Region 9
Veronica Swann, EPS, LND3-1, Region 9
Renee Chan, Grant Specialist, Region 9
Marie Ortesi, Audit Team Lead, Region 9
Magdalen Mak, Audit Follow-up Coordinator, Region 9
Lela Wong, Project Manager, OIG