



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

FEB 01 2017

Chairman Jamie Cobarrubia
Manchester Band of Pomo Indians
P.O. Box 623
Point Arena, CA 95468

Re: OIG Audit Report No. 16-P-0320: Manchester Band of Pomo Indians Needs to Improve Its Financial Management System and Demonstrate Completion of Grant Work

Dear Chairman Cobarrubia:

The U.S. Environmental Protection Agency (EPA) Region 9 inadvertently sent you a final management decision letter dated January 19, 2017, regarding the above-mentioned OIG audit report before certain information included in the letter had been updated. This revised final management decision letter supersedes the January 19th letter.

EPA has completed the review of the subject audit report. The audit conducted involves two EPA grants GA-00T38701 and I-00T61912 awarded to the Manchester Band of Pomo Indians (Manchester). Following is the Agency's position on the report recommendations. For the purpose of clarity on the computation and the recovery of the total questioned costs for the two grants, the region is combining and summarizing into one response for Recommendations 1, 2, and 4.

OIG Recommendation 1: *Disallow ineligible costs of \$178,030 claimed by the Manchester Band of Pomo Indians and recover the ineligible federal share of \$174,970.*

OIG Recommendation 2: *Disallow unsupported costs of \$172,691 and recover the unsupported federal share of \$169,970, unless the Manchester Band of Pomo Indians provides supporting documentation that meets federal requirements.*

OIG Recommendation 4: *Disallow all remaining costs claimed, currently determined to be \$27,959, for grant tasks that remain incomplete under the two EPA grants for the Manchester Band of Pomo Indians, and recover the federal share of \$27,778, unless Manchester provides adequate documents to substantiate completion of grant tasks.*

EPA Response: The tribe did not provide any additional documentation to support the costs claimed on the Federal Financial Report (FFR). EPA Region 9 has no option but to concur with the OIG’s recommendation to recover any questioned costs. OIG based their questioned costs on the FFR, but the tribe did not drawdown all the questioned costs. EPA will seek to recover \$321,274.97 of questioned costs that was drawdown from GA-00T38701 and I-00T61912. The following table is the revised summary of the breakdown to recover the total amounts owed by grants from Manchester:

	GA-00T38701	I-00T61912	Total
Federal Expenditures on Final FFR	\$259,424	\$113,291	\$372,715
Total OIG questioned cost	\$259,424	\$113,291	\$372,715
Total Amounts Drawn	\$234,171.35	\$87,103.62	\$321,274.97
Amounts to be returned to EPA	\$234,171.35	\$87,103.62	\$321,274.97

Recommendation 3: *Designate the Manchester Band of Pomo Indians as a high risk grantee, in accordance with 40 CFR § 31.12, and place appropriate special conditions upon any future awards until Manchester implements policies and procedures to make sure:*

- a. *Timekeeping support for labor charges meets federal requirements.*
- b. *Travel is properly reviewed and approved, and sufficient documentation is maintained to support allowable travel expenses.*
- c. *Direct versus indirect costs are properly identified and charged.*
- d. *Tribal management and staff responsible for federal grant activities have adequate knowledge and skills to implement and monitor grant program activities, including application of federal laws, regulations and cost principles.*

EPA Response: The Uniform Grant Guidance (UGG), 2 CFR Part 200, replaced 40 CFR Part 31 on December 26, 2014. The UGG no longer refers to recipients as “high-risk”; however, the UGG allows Federal agencies to impose specific terms and conditions as needed (e.g. for recipients who have a history of failure to comply with the general or specific terms and conditions of a Federal award). 2 CFR §200.207. Region 9 will ensure that future grant and cooperative agreements awarded to Manchester will include specific terms and conditions as shown in EPA’s Response to Recommendation 5.

Recommendation 5: *Implement special grant conditions for future awards to the Manchester Band of Pomo Indians requiring completion of grant tasks before grant payments are made.*

EPA Response: EPA Region 9 concurs with the recommendation to implement a special grant conditions for future awards. For example, the following condition will be added to future awards issued to Manchester:

The method of payment for future grants and/or cooperative agreements will be on a reimbursement basis. The recipient will not submit reimbursement requests directly to the EPA Las Vegas Finance Center. The recipient must submit to the EPA Program Office and Grants Management Office all reimbursement payment request: With each payment requested by the recipient, the recipient shall submit for review supporting source documents for the amount being requested to the EPA Program Office and Grants Management Office. These source documents may include, but are not limited to, copies of "budget vs. actual expenditure" reports, general ledger reports, invoices, contracts, personnel time sheets, etc. Payments will be approved by the EPA Project Officer prior to disbursement of funds.

Please submit a check in the amount of \$321,274.97 payable to the "Environmental Protection Agency" and mail it to the address below. Please include the Assistance ID Numbers GA-00T38701 and I-00T61912 as well as the amounts owed for each (GAP \$234,171.35) and (CWA106 \$87,103.62) on the check.

U.S. Environmental Protection Agency
Las Vegas Finance Center
4220 South Maryland Parkway
Building C, Suite 503
Las Vegas, NV 89119

If the \$321,274.97 is not paid within 30 days of date of this letter, interest will accrue on the debt for each 30-day period the amount remains unpaid. The current interest rate is 1.00%. These charges will be assessed until the entire amount owed is collected. If the amount is not paid in full within 120 days of date of this letter, this debt will be referred to the U.S. Department of Treasury for collection. The Department of Treasury may offset the amount of this debt from other federal payments owed to Manchester, report the debt to credit reporting agencies, refer the debt to collection agencies, and/or take other actions deemed necessary to collect the funds.

Manchester may dispute this Agency decision under 2 CFR Part 1500, Subpart E (§§ 1500.12-1500.19) by filing an appeal electronically within 30 calendar days from the date the Agency decision is electronically sent to Manchester. The appeal must be transmitted via email to EPA Region 9 Dispute Decision Official (DDO), Serena McIlwain at McIlwain.Serena@epa.gov, (with a copy to the Action Official/Grants Management Officer, Craig Wills at Wills.Craig@epa.gov) within this 30 calendar day period. The appeal must include the following:

- (1) An electronic copy of the disputed Agency decision.
- (2) A detailed statement of the specific legal and factual ground for the appeal including electronic copies of any supporting documents.
- (3) The specific remedy or relief Manchester is seeking under the appeal.
- (4) The name and contact information, including email address of Manchester's designated point of contact for the appeal.

If Manchester requires a time extension to file the appeal, Manchester may submit, by electronic means, a written request for the extension to the DDO (with a copy to Craig Wills) before the expiration of the 30 day period. The DDO may grant a one-time extension of up to 30 calendar days when justified by the situation.

If you have any financial questions or concerns, please contact Anna Woods, EPA Las Vegas Finance Center, at (702) 798-2496 or Woods.Anna@epa.gov. If you have questions regarding the disputes process, please contact Sandra Leon, Office of Regional Counsel at (415) 972-3878 or Leon.Sandra@epa.gov.

Sincerely,



Craig A. Wills
Action Official/Grants Management Officer
Environmental Management Division

cc: Lela Wong, OIG
Angela Bennett, OIG
John Trefry, OIG