



## CARES Act Flash Report

# The Office of Insular Affairs Took Appropriate Action With CARES Act Funds

The DOI received

**\$756 million**

under the CARES Act to  
respond to impacts from  
the coronavirus:

- **\$453 million** for the Bureau of Indian Affairs
- **\$157.4 million** for DOI operations (Office of the Secretary)
- **\$69 million** for the Bureau of Indian Education
- **\$55 million** for the Office of Insular Affairs
- **\$12 million** for the Bureau of Reclamation (BOR)—water resources
- **\$8.1 million** for the BOR—policy and administration
- **\$1 million** for the Office of Inspector General
- **\$500,000** for the BOR—Central Utah Project Completion Act

On March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which provided the U.S. Department of the Interior (DOI) with \$756 million to support the needs of DOI programs, bureaus, Indian Country, and the Insular Areas.

We have reviewed the Office of Insular Affairs' (OIA's) oversight of the CARES Act funds to the Insular Area governments to date and provide this summary report as a snapshot. We found that the OIA has taken prompt and immediate action in its allocation of CARES Act funds to Insular Area governments.

The U.S. Congress appropriated \$55 million for the OIA to distribute among the seven Insular Area governments to assist them in their preparation for, response to, and prevention measures for the COVID-19 pandemic. The OIA's responsibilities include grant distribution, award administration, and oversight of the Insular Area governments' expenditure of funds.

---

### The Insular Areas of the United States

American Samoa  
Commonwealth of the Northern Mariana Islands  
Federated States of Micronesia  
Guam  
Republic of the Marshall Islands  
Republic of Palau  
U.S. Virgin Islands

---

We reviewed the OIA's actions related to its CARES Act grant funding allocations, including the information on its website, how it allocated the funding amongst the Insular Area governments, its policies and procedures for the funding, and its communication to the governments. We also reviewed the grant requirements and the requirements specific to each Insular Area government.

# The OIA Took Immediate Action

Shortly after the passage of the CARES Act, the OIA had:

- Updated its website to make its allocated funding transparent
- Developed a formula for allocating the funding amongst Insular Area governments
- Issued announcement memoranda to all seven Insular Area governments to notify them of the funding available and to provide guidance

## The OIA's Actions

Shortly after the passage of the CARES Act—the OIA (1) updated its website to include the funding allocated to the OIA, (2) developed a formula and distribution method to allocate \$41.25 million to Insular Area governments (\$13.75 million went into a reserve fund), and (3) issued official announcement memoranda to all seven governments to indicate funding that was available for immediate use and to provide tools and guidance.

### OIA Website

The OIA promptly supplemented its official website with information on the CARES Act funding appropriated by Congress; its allocation of those funds; and instructions for the use of funds for preparation for, response to, and prevention measures for the COVID-19 pandemic.

---

The OIA demonstrated a commendable level of transparency when it posted grant award allocations and distribution, grant award memoranda, and allocation data on its website.

---

### Allocation Formula and Distribution Method

Of the \$55 million it received in CARES Act funding, the OIA allocated \$41.25 million to seven Insular Area governments and established a reserve fund for the remaining \$13.75 million. The approach used to determine the funding allocations was a fair and equitable process, based on each Insular Area's population percentage of the overall Insular Area population. The funds were made available for immediate action and must be expended by September 30, 2021.

The OIA will withhold the established reserve funds for any further emergency needs or requests from nonprofit organizations in the Insular Areas and for partnership interagency agreements if they are needed. As of May 20, 2020, no claims had been submitted for the obligated funds, and \$151,550 had been awarded from the funds held in reserve to Mañe'lu, a nonprofit organization located on Guam.

The distribution of the \$41.25 million in funds allocated is shown in Figure 1.

The OIA received  
**\$55 million**

under the CARES Act to respond to impacts from the coronavirus and has allocated \$41.25 million:

- **\$12,039,565** for Guam
- **\$7,863,776** for the U.S. Virgin Islands
- **\$7,737,390** for the Federated States of Micronesia
- **\$4,079,020** for American Samoa
- **\$4,042,585** for the Commonwealth of the Northern Mariana Islands
- **\$3,894,720** for the Republic of the Marshall Islands
- **\$1,592,945** for the Republic of Palau

**Figure 1: \$41.25 Million of \$55 Million Allocated by Population as of May 2020**

<b>Insular Area</b>	<b>Population*</b>	<b>Percentage of Population†</b>	<b>Allocation (\$)‡</b>
Guam	164,229	29.2	12,039,565
U.S. Virgins Islands	107,268	19.1	7,863,776
Federated States of Micronesia	105,544	18.8	7,737,390
American Samoa	55,641	9.9	4,079,020
Commonwealth of the Northern Mariana Islands	55,144	9.8	4,042,585
Republic of the Marshall Islands	53,127	9.4	3,894,720
Republic of Palau	21,729	3.9	1,592,945
<b>Totals</b>	<b>562,682</b>	<b>100%</b>	<b>\$41,250,000</b>

\* The OIA provided the population totals; we did not verify them.

† Population percentages are rounded.

‡ Total is rounded.

By creating a formula based on population percentages, the OIA used a fair approach to allocation of funds.

### Announcement Memoranda and Guidance

The OIA’s official announcement memoranda included guidance for requesting drawdowns when applying for the funds. To expedite funding, the OIA did not require a detailed budget at the time of application, although supporting documentation is required before the drawdowns are processed. Along with its official announcement memorandum to each Insular Area government, the OIA provided the grant agreement, grant terms and conditions, and contact information should governments have any questions or concerns.

We found the OIA’s process for distributing, awarding, and administering the funds; the memoranda; and the guidance provided to the governments clearly stipulated the application, documentation, and

# OIA Guidance to Insular Area Governments

The OIA instructed Insular Area governments that in using the allocated funds, they must:

- Avoid conflicts of interest
- Require approval for use of funds
- Provide supporting documentation, such as a budget, that supports Insular Area government pandemic plans and U.S. Centers for Disease Control and Prevention guidance
- Report on a prescribed quarterly schedule
- Comply with applicable laws and regulations
- Observe all applicable grant terms and conditions

insular reporting requirements for grant recipients and provide crucial internal controls (see sidebar). These controls will help the OIA safeguard its assets, minimize risk, and encourage adherence to internal policies and procedures. The controls will also help the Insular Area governments more easily release funds for use to accomplish their mission.

---

By providing clear processes and guidance to the Insular Area governments, the OIA is reducing risk to CARES Acts funds and helping the governments more easily use the funds to respond to their COVID-19 pandemic-related needs.

---

## Grant Terms and Conditions for the Insular Area Governments

The grants terms and conditions set the rules and guidelines that Insular Area governments must follow so that grant funds are used as intended and in an efficient manner. The DOI's and the OIA's terms and conditions are summarized below.

**Recipient Responsibilities:** The recipient must comply with the laws and regulations governing the use of Federal grant funds. Instances of noncompliance, or belief of noncompliance, should be reported to the OIA.

**Procurement of Goods and Services With Grant Funds and Record Retention:** All grant awards and subawards must comply with the applicable regulations and all congressional directives and guidance for the use or reprogramming of appropriated funds. All records related to this award must be retained and made accessible in accordance with applicable regulations.

**Limitations on the Use of Grant Funds:** Grant funds are not to be used for any purpose other than that for which they are offered unless the OIA provides prior approval. Any change in the approved scope of work or project budget must be submitted to the grant manager for written approval.

**Scope of Work Requirements:** Costs associated with the administration of OIA grant projects and programs are to be charged against the grant funds only as approved in the project budget in the scope of work. Any substantial change to the scope of work must be approved by the OIA grant manager.

We will reach out to the Insular Area public auditors to remind them of the common hazards and issues to remember when auditing grant funds and to offer best practices we have collected from past audit work, such as:

- Ensuring sufficient workforce capacity
- Ensuring use of the appropriate award vehicle
- Maximizing competition in the source selection process
- Ensuring background research and risk assessments of potential recipients
- Monitoring documentation and use of funds by recipients
- Reviewing recipient's performance and financial reports

Our *Lessons Learned for CARES Act Awards* report ([https://www.doioig.gov/sites/doioig.gov/files/DOIOIG\\_CARESActLessonsLearned\\_052020.pdf](https://www.doioig.gov/sites/doioig.gov/files/DOIOIG_CARESActLessonsLearned_052020.pdf)) presents these lessons in greater detail.

**Conflicts of Interest:** Non-Federal entities and their employees must avoid conflicts of interest in the procurement of supplies, equipment, construction, and services by recipients and by sub-recipients. Internal controls must be established that include, at a minimum, procedures to identify, disclose, and mitigate or eliminate identified conflicts of interest.

**Data Availability:** The Federal Government has the right to obtain, reproduce, publish, or otherwise use the data produced under a Federal award as well as authorize others to receive, reproduce, publish, or otherwise use such data for Federal purposes.

**Grant Fund Payment and Drawdown Requirements:** Grantees must submit a completed Request for Advance or Reimbursement (SF-270), along with supporting documentation, to the OIA grant manager to draw down funds.

**Reporting Requirements:** Grantees must submit a Federal Financial Report (SF-425) and a narrative project status report on a calendar year quarterly basis to its designated OIA grant manager as directed in the guidance.

**Marketing and Branding:** The OIA stipulates how graphics and prescribed language should be displayed on all signs intended to identify the project and funders.

**Special Terms and Conditions for This Grant:** Each drawdown request must include a detailed budget that shows how the funds were used, indicate how it supported the government's pandemic plan, and include a copy of the pandemic plan. The OIA will approve advances if the required information is submitted. The OIA should be notified before to the expiration of the grant if the recipient does not require the full amount awarded.

**The DOI's Standard Terms and Conditions:** Recipients are to follow the DOI's terms and conditions, such as acceptable payment systems; general provisions for following administrative requirements, cost principles, and single audit requirements; statutory and national policy requirements; and requirements related to environmental and construction projects. The full terms and conditions are available here: <https://www.doi.gov/sites/doi.gov/files/migrated/doi-standard-award-terms-and-conditions-effective-december-2-2019.pdf>

---

The OIA has taken prompt and immediate action in its allocation of CARES Act funds to Insular Area governments.

We commend the OIA for the actions it has taken to help the Insular Areas prepare for and respond to the numerous and unprecedented challenges that this pandemic has presented.

---