



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

**AUDIT OF COOPERATIVE AGREEMENT
No. R95AV60020 BETWEEN THE
BUREAU OF RECLAMATION AND THE
LOWER BRULE SIOUX TRIBE**



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

DEC 05 2016

Memorandum

To: John Soucy
Deputy Regional Director, Bureau of Reclamation

From: Chris Stubbs *Chris Stubbs*
Director, Office of Financial and Contract Audits

Subject: Final Audit Report – Audit of Cooperative Agreement No. R95AV60020
Between the Bureau of Reclamation and the Lower Brule Sioux Tribe
Report No. 2015-ER-069

This memorandum transmits the final results of the Office of Inspector General's audit of the Lower Brule Sioux Tribe's (LBST) interim incurred costs on Cooperative Agreement No. R95AV60020 with the Bureau of Reclamation (USBR).

We identified a total of \$1,440,748 in questioned costs, as well as the need for increased oversight by USBR. We offer six recommendations to help USBR resolve the questioned costs and improve its operations with LBST. USBR agreed with all six recommendations and will begin negotiations with LBST to recoup the unallowable costs. Based on USBR's response to the draft report (see Appendix 2), we consider Recommendations 1 – 4 unresolved and not implemented, and Recommendations 5 and 6 resolved but not implemented. We will refer all six recommendations to the Assistant Secretary for Policy, Management and Budget for resolution or implementation tracking.

The legislation creating the Office of Inspector General requires that we report to Congress semiannually on all audit, inspection, and evaluation reports issued; actions taken to implement our recommendations; and recommendations that have not been implemented.

If you have any questions regarding this report, please call me at 202-208-5745.

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Results in Brief

We audited interim costs incurred between October 2012 and March 2015 by the Lower Brule Sioux Tribe (LBST) on Cooperative Agreement No. R95AV60020 with the Bureau of Reclamation (USBR). USBR issued the agreement for operation, maintenance, and administrative activities associated with the Lower Brule Rural Water System, which serves tribal and nontribal customers in southwestern South Dakota.

We identified a total of \$1,440,748 in questioned costs, as well as the need for increased USBR oversight of the agreement. The questioned costs we identified included unsupported payments to related parties, subcontractors, and vendors; unsupported internal transactions in LBST's accounting system; unsupported financial reporting; and unallowable payments to vendors.

Overall, inadequate internal controls and inadequate oversight by USBR resulted in LBST's claiming costs that were unsupported, unallowable, and unreasonable.

We provide six recommendations to help USBR resolve the questioned costs and improve its oversight activities with respect to LBST.

Introduction

Objectives

In our audit of the Lower Brule Sioux Tribe's (LBST) Cooperative Agreement No. R95AV60020 with the Bureau of Reclamation (USBR), we focused on these objectives:

1. Were the costs claimed by LBST allowable, allocable, and reasonable according to applicable Federal laws and regulations and USBR guidelines?
2. Did USBR oversee the agreement adequately and in accordance with applicable Federal laws and regulations and USBR guidelines?

See Appendix 1 for our audit scope and methodology.

Why We Did This Audit

We initiated this audit due to several compelling factors, including—

- A Human Rights Watch report in 2015 that examined financial mismanagement and possible corruption at the Lower Brule Sioux Tribal Council.¹ The report detailed how the Tribe had diverted millions of dollars in Federal funds away from key social programs without explaining how those funds were spent, and that its mismanagement of scarce financial resources had directly affected basic services on which many tribal members rely.
- Our own analysis on LBST's single audit reports for fiscal years (FYs) 2011, 2012, and 2013, which revealed three findings that were repeated each year, including the finding that LBST had commingled Federal funds with tribal funds. The FY 2013 audit had nine findings, of which seven were significant deficiencies and two were material weaknesses. These significant and recurring findings point to a problem with accountability and internal controls.
- A memo sent in April 2015 by the Acting Chairman of the Lower Brule Sioux Tribal Council to the Bureau of Indian Affairs, asking for a freeze in flow of money to the Tribe, based on expressed concerns about "the transparent, accountable, and appropriate use of Federal funds provided to the Tribe." The Acting Chairman stated that the Tribe had refused to provide financial information requested by the tribal council, preventing proper oversight and accountability. Further, the Acting Chairman found

¹ Human Rights Watch, "Secret and Unaccountable: The Tribal Council at Lower Brule and Its Impact on Human Rights," January 12, 2015, <https://www.hrw.org/report/2015/01/12/secret-and-unaccountable/tribal-council-lower-brule-and-its-impact-human-rights>.

the situation “extremely troubling” and encouraged Federal investigation into the Tribe’s financial operations.

Background

USBR entered into a cooperative agreement with the Lower Brule Sioux Tribe (No. R95AV60020) for operation, maintenance, and replacement activities on the Lower Brule Sioux Rural Water System under the authority of the Mni Wiconi Project Act of 1988 (Pub. L. No. 100-516), as amended, and in conformance with the Indian Self-Determination and Education Assistance Act of 1975 (Pub. L. No. 93-638). The original agreement was signed in 1995, and the award has been funded each year since through a modification. At the time of our audit, there were 68 modifications to the original agreement; our audit covers modifications 57 through 68. The original agreement and modifications require LBST to develop annual work plans and schedules and provide quarterly reports to USBR.

The Lower Brule Sioux Rural Water System is part of the Mni Wiconi water project, which consists of five individual but interconnected rural water systems in southwestern South Dakota. The four other systems are the Oglala Sioux Rural Water Supply System (OSRWSS) Core System, the Rosebud Sioux Rural Water System, the OSRWSS on-reservation distribution system on Pine Ridge Reservation, and the West River/Lyman-Jones Rural Water System. Per statute, the Secretary of the Interior is responsible for operations and maintenance of tribal rural water system facilities. USBR funds and provides oversight for contracts and cooperative agreements with the Oglala, Rosebud, and Lower Brule Sioux Tribes to support the Mni Wiconi water project and the individual water systems.

The Lower Brule Sioux Rural Water System includes a water treatment plant at Lake Sharp that treats Missouri River water, which is distributed through 450 miles of pipeline on the reservation and 85 miles of pipeline off the reservation, to serve rural tribal customers and four nontribal towns.

There are major differences between contracting under Title I of the Indian Self-Determination and Education Assistance Act (Pub. L. No. 93-638) and traditional Federal acquisition contracts under the Federal Acquisition Regulation (FAR). Public Law 93-638 allows the Secretary of the Interior, acting through USBR, to enter into contracts with Indian tribes for any portion of a project or program that benefits American Indians because of their status as American Indians. Public Law 93-638 establishes an entitlement for Indian tribes. This means that, contrary to a traditional procurement, tribes may contract with USBR on a noncompetitive basis. Public Law 93-638 contracts are generally not subject to Federal contracting and cooperative agreement laws and regulations, except to the extent that such laws and regulations expressly apply to Indian tribes (see 25 U.S.C. § 450b(j)). Also, self-determination construction contracts are not traditional procurement contracts, and the regulations implementing Public Law 93-638 specifically limit the application of the FAR (see 25 C.F.R. § 900.115(b)).

Findings

We found that LBST claimed \$1,440,748 in costs that were not allowable, allocable, or reasonable. We also found the need for increased oversight by USBR, specifically in the review and approval of Federal financial reports. Broadly, we found that deficient internal controls were the primary factor in questioned costs totaling \$1,440,748.

We tested \$1,747,984 out of a total \$4,042,500 in interim costs claimed by LBST during the timeframe we examined, October 1, 2012, through March 31, 2015. In addition to the \$1,747,984, we identified a discrepancy in the SF-425 reporting in the amount of \$883,432. We could not reconcile the difference between the SF-425s and the actual expenses. The total amount tested was \$2,631,416.

Significant Deficiencies in the Internal Controls and Accounting System

The Tribe does not have effective internal controls and accounting systems to prevent and detect significant deficiencies. During the audit, we identified significant deficiencies in LBST internal controls and accounting systems. Below we summarize the deficiencies that informed our findings:

- The Tribe does not have adequate internal controls over recording and processing journal entries.
- The Tribe does not have proper internal controls over expenditures to ensure that unallowable expenses such as duplicate costs are identified.
- The Tribe does not have adequate supporting documentation for the claimed costs for these Federal funds.
- The Tribe does not have internal controls to properly report expenses and reconcile amounts reported on the SF-425 with its own records.
- The Tribe relies on inadequate documentation for travel expenses, subcontractor costs, and vendor invoices.
- The Tribe does not have internal controls to properly allocate direct and indirect costs to the appropriate agreement.

Questioned Costs – \$1,440,748

The questioned costs we identified included—

- \$314,569 in unsupported payments to related parties, subcontractors, and vendors;
- \$204,086 in unsupported internal transactions;
- \$883,432 in unsupported financial reporting; and
- \$38,661 in unallowable payments to vendors.

See Figure 1 for summary detail for these questioned costs.

Description	Claimed Costs Sampled	Questioned Costs	Revised Claimed Costs
Unsupported Payments			
Related parties	\$371,032	\$185,017	\$186,015
Subcontractors	148,530	86,960	61,570
Vendors	669,257	42,592	626,665
Subtotal	\$1,188,819	\$314,569	\$874,250
Unsupported Internal Transactions			
Adjusting journal entries	\$239,718	\$76,563	\$163,155
Payroll	280,786	127,523	153,263
Subtotal	\$520,504	\$204,086	\$316,418
Unsupported Financial Reporting			
SF-425 reports	\$883,432	\$883,432	–
Subtotal	\$883,432	\$883,432	–
Unallowable Payments			
Unallowable per C.F.R.	\$8,100	\$8,100	–
Unallowable per Tribe policy	30,561	30,561	–
Subtotal	\$38,661	\$38,661	–
Total Cost to USBR	\$2,631,416	\$1,440,748	\$1,190,668
Total Questioned Costs		\$1,440,748	

Figure 1. Questioned costs associated with USBR Cooperative Agreement No. R95AV60020.

Unsupported Payments to Related Parties, Subcontractors, and Vendors – \$314,569

We found that LBST was unable to provide sufficient support for \$314,569 in payments to related parties, subcontractors, and vendors. Unsupported payments are payments for goods and services without documentation that adequately describes how the money was spent. Instances of unsupported payments are described below.

LBST paid a related party, the Lower Brule Employment Enterprise (LBEE), \$371,032 for water treatment plant maintenance. Of that amount, we identified \$185,017 in unsupported costs across six invoices. LBEE did not have any agreement or contract with LBST for the work it did on the rural water system. Further, LBST could not provide us with adequate support for the LBEE invoices.

For example, an invoice for painting a water tower listed only the total amount of \$35,390 with no additional support, such as timesheets or lists of materials and supplies (see Figure 2 on next page). The other five invoices were progress payment forms that showed only the total value of a subcontract with LBEE and the completion percentage at that point in time. LBST did not provide us the contracts associated with these progress payment invoices.

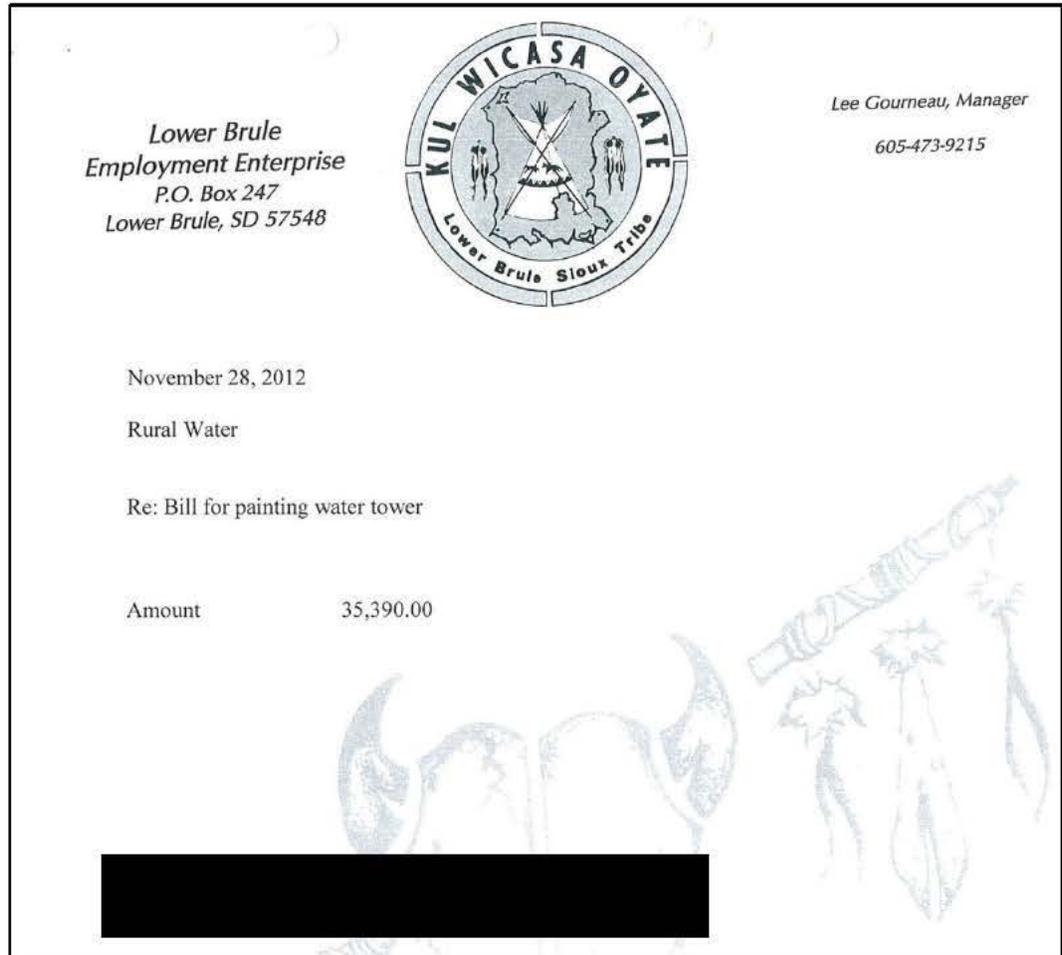


Figure 2. Example invoice from the Lower Brule Employment Enterprise that shows only the total amount billed, without adequate detail to support the costs.

LBST paid subcontractor Schmucker, Paul, Nohr, and Associates (SPN) \$148,530 for work on the water system, of which we identified \$86,960 in unsupported costs. SPN invoices only provided a brief description of the work without adequate detail to support the costs (for example, see Figure 3). We requested the contracts to support the 13 SPN invoices, but LBST was unable to provide them.

	INVOICE	Schmucker, Paul, Nohr and Associates 2100 North Sanborn Blvd. – PO Box 398 Mitchell, SD 57301-0398 Phone (605) 996-7761 Wats (800) 952-3598 Fax (605) 996-0015							
	ATTN LOWER BRULE RURAL WATER SUPPLY PO BOX 205 LOWER BRULE, SD 57548	<table border="1"> <tr> <td>Invoice Date</td> <td>Invoice Num</td> </tr> <tr> <td>Nov 26, 2014</td> <td>11930</td> </tr> <tr> <td colspan="2" style="text-align: center;">Billing Through</td> </tr> <tr> <td colspan="2" style="text-align: center;">Nov 22, 2014</td> </tr> </table>	Invoice Date	Invoice Num	Nov 26, 2014	11930	Billing Through		Nov 22, 2014
Invoice Date	Invoice Num								
Nov 26, 2014	11930								
Billing Through									
Nov 22, 2014									
Plans & specification for building addition are nearly complete. Initial review of membrane treatment equipment is complete and design of new layout of equipment and piping is well underway. Billing Period: 10/26/14 through 11/22/14									
Project ID	Project Name	Contract Amount	% Complete	Previously Billed	Amount Due				
M14294-02	LBRWS-WTP IMPROVEMENTS	\$70,000.00	35.00	\$3,500.00	\$21,000.00				
Total Amount Due:					\$21,000.00				
<i>This invoice is due upon receipt</i>									

Figure 3. Example invoice from Schmucker, Paul, Nohr, and Associates that shows only the total amount billed, without adequate detail to support the costs.

In addition, LBST paid vendors a total of \$669,257 for goods and services related to the rural water system. Of that amount, we identified \$42,592 in unsupported costs. LBST did not provide adequate supporting documentation for these goods and services. For example, LBST paid \$7,000 for a Caterpillar 430E backhoe, but the invoice did not include itemized detail. In addition, when we reviewed the LBST asset listing, this backhoe was not listed.

LBST paid another vendor \$3,131 for hotel rooms for the Mni Wiconi Summit in February 2014. The invoice showed that LBST paid for 31 rooms, but only 12 LBST employees were working on the Mni Wiconi project and the sign-in sheet for the summit provided by LBST showed only 11 attendees. LBST provided no support for the hotel room invoice.

Further, LBST paid \$1,906 for travel without having any supporting documentation, such as airline tickets or receipts for hotel rooms, taxis, meals, or car rental. LBST paid the purchase order without having a final invoice from the vendor showing itemized detail for the total amount.

Second, in the sample we tested, LBST paid the steering committee members a total of \$24,300 in excess meeting attendance payments and for meetings that they did not attend. As established in LBST bylaws and annual budgets, steering committee members were paid a fixed amount for each meeting attended: \$300 in 2012 and 2013 and \$350 in 2014 and 2015. For a 2.5-year span, we checked the payroll payments against the meeting attendance as documented in meeting minutes provided by LBST, and we found that some steering committee members were paid more than the fixed amount (in some cases as much as \$900), and some steering committee members were paid for meetings that they did not attend. We did not test all of the steering committee compensation and were unable to determine the exact total for costs associated with the steering committee, because LBST did not provide all of the monthly meeting minutes.

Unsupported Financial Reporting – \$883,432

We found that expenses claimed on Federal financial reports differed from expenses listed in LBST’s general ledger by \$883,432, as described below.

Three days after we issued the announcement letter for this audit, LBST revised its Federal financial reports, or SF-425s, for the period from October 1, 2012, to March 31, 2015. In the revised reports, LBST reported expenses of \$4,925,932. When we reviewed the general ledger for this period, LBST had only recorded \$4,042,500. When we asked about the differing amounts, LBST responded that \$4,042,500 was the correct amount.

After our inquiry about the discrepancy, LBST revised the last six quarters of SF-425s to show a reduction of \$879,858 in expenses—an amount notably close to the amount we had questioned. We received those revised reports in April 2016. We were still unable to determine which amount reported for expenses was correct, \$4,925,932 or \$4,042,500.

Further, the adjusted amount on the revised SF-425s still did not agree with LBST’s general ledger. As an example, the unobligated balance from the revised SF-425s, \$1.2 million, did not match the balance on the general ledger, which reported \$741,471.

Because of these discrepancies, we are questioning the originally identified amount of \$883,432.

Unallowable Payments to Vendors – \$38,661

We found that LBST made \$38,661 in unallowable payments to vendors. Unallowable payments are payments for goods and services that the Code of Federal Regulations (C.F.R.) or governing policy does not permit. Instances of unallowable payments are described below.

LBST paid telephone bills as both direct and indirect costs to the cooperative agreement. LBST policy is to charge telephone expenses using an indirect cost rate. We found that LBST followed this policy and included telephone service as an indirect cost—but then also paid the invoices directly, resulting in duplicate costs for telephone services. Thus, we questioned \$30,561.

LBST also paid \$2,018 for entertainment costs that are unallowable per 2 C.F.R. § 225, OMB Circular A-87, “Entertainment Costs,” which states that costs of amusement, diversions, social activities, and any directly associated costs are unallowable. When we reviewed costs for LBST employee and steering committee meetings, we identified one invoice for a Christmas party, a clearly unallowable cost (see Figure 5 on next page). The invoice for \$2,135, dated January 18, 2013, says: “Thanks for choosing View 34 again this year for your party.” The difference between the invoice and the amount LBST paid to the vendor is \$117 in taxes; because LBST is tax exempt the invoice was paid minus the taxes.

January 23, 2013

Lower Brule Rural Water

Box 205

Lower Brule, SD 57548

Christmas Party January 18, 2013

Room Fee	100.00
Dinner 50 guests	1598.00
Sales Tax	116.87
Gratuity	319.60
Balance Due	2134.47

Thank you for choosing View 34 again this year for your party. We had lots of fun.

Sincerely,



View 34

Figure 5. Invoice from venue View 34 for a “Christmas Party” (an unallowable expense) for the Lower Brule Sioux Tribe.

Finally, LBST paid \$6,083 in unallowable marketing expenses. According to 2 C.F.R. § 225, OMB Circular A-87, “Advertising and Public Relations Costs,” the costs of promotional items and memorabilia, including models, gifts, and souvenirs, are unallowable. LBST distributed marketing materials such as pens, bags, toolkits, and travel tumblers during the Mni Wiconi Summit, and paid for these materials from the cooperative agreement.

Recommendations

We recommend that USBR:

1. Resolve the \$314,569 in unallowable costs for unsupported payments to related parties, subcontractors, and vendors;
2. Resolve the \$204,086 in unsupported internal transactions;
3. Resolve the \$883,432 in questioned costs for the unsupported reporting discrepancies in the SF-425s; and
4. Resolve the \$38,661 in unallowable payments to vendors.

USBR Should Increase SF-425 Oversight

We found that USBR approved the SF-425s submitted by LBST without adequate review. When we spoke with the awarding official’s technical representative (AOTR), she acknowledged that she knew the SF-425s were wrong. She reported discrepancies regarding the cash on hand and the carry-over balances to the grants officer, whose job included reviewing the SF-425s for accuracy. When the AOTR identified the SF-425s were wrong, however, she should have reported the inaccurate and incomplete financial reports to the awarding official (AO) as directed in USBR’s “Reclamation Manual.” To conform to policy, the AO should have provided written notification to the Tribe regarding overdue and incomplete financial reports.

This failure in oversight resulted in LBST’s claiming costs of \$1,440,748 that were unsupported, unallowable, and unreasonable, as detailed in this report.

LBST’s Reporting Was Late and Inaccurate

The SF-425s that LBST filed were inaccurate, and LBST filed some well past the deadlines. Reporting requirements state that SF-425 shall be submitted no later than 30 days after the end of each reporting period. We found the following:

- LBST filed the original SF-425 on April 30, 2015, for the quarter ending March 30, 2015, which was within the 30-day submission requirement.

- LBST filed a revised SF-425 on June 1, 2015, for the quarter ending March 30, 2015, to make corrections to the data.
- LBST filed another revised SF-425 on April 5, 2016, for the quarter ending March 30, 2015, to show a decrease in cash disbursements. From the June 1, 2015 report to the April 5, 2016 report, the cash disbursements amount decreased by \$879,858 (from \$24,024,640 to \$23,144,782).
- Altogether, LBST revised six SF-425s for the six quarters between October 2014 and March 2016.

These issues demonstrated that LBST did not have the necessary internal controls to properly report expenses and reconcile its records with the SF-425s. We concluded that LBST's accounting system was inadequate to handle Federal funds.

Recommendations

We recommend that USBR:

5. Develop and implement policy and procedure on how to review and approve SF-425s; and
6. Work with LBST to properly complete and submit its SF-425s in a timely manner.

Conclusion and Recommendations

Conclusion

We identified areas with deficiencies throughout our testing of LBST's claimed costs, and we concluded that LBST's accounting system was inadequate to handle Federal funds. We found that deficient internal controls were the primary factor in questioned costs totaling \$1,440,748. Our recommendations will help USBR account for and monitor the funds provided by the Federal Government.

Recommendations Summary

We recommend that USBR:

1. Resolve the \$314,569 in unallowable costs for unsupported payments to related parties, subcontractors, and vendors.
2. Resolve the \$204,086 in unsupported internal transactions.
3. Resolve the \$883,432 in questioned costs for the unsupported reporting discrepancies in the SF-425s.
4. Resolve the \$38,661 in unallowable payments to vendors.
5. Develop and implement policy and procedure on how to review and approve SF-425s.
6. Work with LBST to properly complete and submit its SF-425s in a timely manner.

In its response to our draft report, dated September 27, 2016 (see Appendix 2), USBR concurred with all six recommendations. USBR anticipates final disposition of Recommendations 1 – 4 by September 30, 2017, and until the questioned costs are resolved we consider those recommendations to be unresolved and not implemented. We consider Recommendations 5 and 6 resolved but not implemented. USBR indicated completion dates of March 31, 2017, and September 30, 2017, respectively, for corrective actions resulting from Recommendations 5 and 6.

We will refer Recommendations 1 – 6 to the Office of Policy, Management and Budget for resolution or implementation tracking. See Appendix 3 for status of the recommendations.

Appendix I: Scope and Methodology

Scope

Our audit focused on the Lower Brule Sioux Tribe's (LBST) claimed costs incurred under Cooperative Agreement No. R95AV60020 with the Bureau of Reclamation (USBR). LBST costs totaled \$4,042,500 for October 1, 2012, through March 31, 2015. We tested \$1,747,984 of the costs claimed in that timeframe. Our audit included LBST's compliance with applicable Federal regulations, USBR policies and procedures, and agreement terms and conditions. We conducted our fieldwork from June 2015 through April 2016.

Methodology

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To accomplish our objectives, we—

- interviewed the USBR awarding official's technical representative;
- interviewed LBST employees and other appropriate individuals;
- reviewed required reports and cash management practices;
- reviewed the C.F.R. for regulations pertaining to claimed costs;
- reviewed the Office of Management and Budget (OMB) Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments," for regulations pertaining to claimed costs;
- reviewed support for LBST's claimed costs, including direct costs, indirect costs (overhead), and general and administrative expenses;
- reviewed LBST's three most recent Office of Management and Budget single audit reports; and
- reviewed LBST's response to an internal control questionnaire sent by our office.

To test the accuracy of the computer-generated general ledger provided by LBST, we performed several analytical tests on the data. We were unable to compare the figures in the general ledger with the Federal financial reports, and we could not compare the figures in the general ledger to the drawdowns, because LBST could not reconcile its general ledger with the SF-425s. We relied on computer-generated data to test other direct costs and payroll costs, and to verify amounts drawn down by LBST.

Appendix 2: Response to Draft Report

The Bureau of Reclamation's response to our draft report follows on page 17.



United States Department of the Interior

BUREAU OF RECLAMATION
Washington, DC 20240

IN REPLY REFER TO:

84-27800

1.3.11

MEMORANDUM

To: Office of the Inspector General
Attention: Regional Manager for Audits, Inspections, and Evaluations

Through: Thomas M. Iseman *Thomas M Iseman* SEP 27 2016
Principal Deputy Assistant Secretary – Water and Science

From: Estevan R. López *Estevan R Lopez* SEP 27 2016
Commissioner

Subject: The Bureau of Reclamation's Response to the Office of the Inspector General (OIG) Draft *Audit of Cooperative Agreement No. R95AV60020 between the Bureau of Reclamation and the Lower Brule Sioux Tribe* (Tribe), Report No. 2015-ER-069 (Report)

This memorandum is in response to the subject draft contract audit report, requiring Reclamation to provide the OIG with a written response by September 27, 2016, regarding the final disposition of the questioned costs identified in the report.

The OIG provided the draft report to Reclamation's Great Plains Regional Office (GPRO) on June 29, 2016, asking that the report not be shared with the Tribe until it is in final form.

On July 7 and July 28, 2016, Reclamation met with the OIG to discuss the draft report and exchange information supporting the report's findings and questioned costs.

On July 29, 2016, Mr. Michael J. Ryan, GPRO Director, appointed a negotiation team in anticipation of the final report being released to the Tribe. When that occurs, Reclamation will ask the Tribe to identify a negotiation team so discussions may begin in reference to the questioned costs and other findings in the final report.

Tribal elections were recently held to elect new tribal government officials. Upon validation of election results and a new Tribal Council being sworn in, and the OIG release of the final report, Reclamation will begin discussions with the Tribe. Reclamation expects to make contact with the new Tribal government by December 31, 2016, and anticipates final disposition of Recommendations 1-4 by September 30, 2017. The responsible official for implementation is Mr. Michael J. Ryan, GPRO Director; who is also the Public Law 93-638 Awarding Official.

With respect to Recommendations 5 and 6, Reclamation concurs with these recommendations.

For Recommendation 5, we will review current policy and procedures associated with our review of Federal Financial Report Standard Form 425 (SF 425) activities and develop controls where needed by March 31, 2017. The responsible official for implementation is Mr. Matthew Duchesne, Program Manager, Native American and International Affairs.

For Recommendation 6, we will continue to provide assistance to the Tribe in correcting erroneous SF 425s while establishing a process for producing correct and supported SF 425s in the future. The target date for implementation of these corrective actions to address this recommendation is September 30, 2017. The responsible official for implementation is Mr. Michael J. Ryan, GPRO Director.

If you have any questions or require additional information, please contact Mr. Michael J. Ryan, at 406-247-7600.

bc: 94-00010

84-27000 (Cordova-Harrison, Demarco, Gallgeos Reading File)
GP-1000, GP-1230 (Davis), GP-3300 (Scanson)

Appendix 3: Status of Recommendations

Recommendation	Status	Action Required
1, 2, 3, and 4	Unresolved and not implemented	We will refer these recommendations to that Assistant Secretary for Policy, Management and Budget for resolution.
5, 6	Resolved but not implemented	We will refer these recommendations to the Assistant Secretary for Policy, Management and Budget to track their implementation.

