OFFICE OF
INSPECTOR GENERAL

November 10, 2026

OIG-27-023

MEMORANDUM FOR **JEFFREY W. STOUT, ACTING CHIEF PROGRAM OFFICER, OFFICE OF CAPITAL ACCESS, DEPARTMENT OF THE TREASURY**

FROM: Pauletta P. Battle /s/
Assistant Inspector General for Audit

SUBJECT: Desk Review of Native Village of Kwigillingok, Alaska's Use of Coronavirus Relief Fund Proceeds

On March 31, 2022, we initiated a desk review of the Native Village of Kwigillingok, Alaska's (Kwigillingok) use of the Coronavirus Relief Fund (CRF) proceeds, authorized under Title VI of the Social Security Act, as amended by Title V, Division A of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).[1] This review was initiated in response to Kwigillingok's failure to submit required quarterly data in GrantSolutions[2] portal for cycles 1 through 7. The objective of our desk review was to evaluate Kwigillingok's documentation supporting its uses of CRF proceeds as reported in the GrantSolutions portal and the alternative format of reporting,[3] and to assess the risk of unallowable use of funds. The scope of our desk review included Kwigillingok's obligation and expenditure data for the period March 1, 2020, through December 31, 2022,[4] as reported in GrantSolutions and the alternative format of reporting.

As part of our desk review, we performed the following:

1) reviewed Kwigillingok's quarterly Financial Progress Reports (FPRs) submitted via the alternative format of reporting covering cycles 1 through 11;

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1 P.L. 116-136 (March 27, 2020)

2 GrantSolutions, a grant and program management Federal shared service provider under the U.S. Department of Health and Human Services, developed a customized and user-friendly reporting solution to capture the use of CRF payments from recipients.

3 The alternative format of reporting was a means of submitting quarterly reporting in paper form. This allowed tribes that were having connectivity issues with the GrantSolutions portal a means to comply with the quarterly reporting requirements.

4 Kwigillingok's final Financial Progress Report was submitted in cycle 11 for the period ending December 31, 2022.

2) reviewed the *Department of the Treasury's (Treasury) Coronavirus Relief Fund Guidance* (Guidance) as published in the Federal Register on January 15, 2021;[5]
3) reviewed Treasury's Office of Inspector General (OIG) *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping;*[6]
4) reviewed Treasury OIG's *Coronavirus Relief Fund Reporting and Record Retention Requirements;*
5) reviewed other audit reports issued, such as Single Audit Act reports, and those issued by the Government Accountability Office and other applicable Federal agency OIGs for internal control or other deficiencies that may pose risk or impact to Kwigillingok's use of CRF proceeds;
6) reviewed Treasury OIG Office of Investigations, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Pandemic Response Accountability Committee (PRAC),[7] and Treasury OIG Office of Counsel input on issues that may pose risk or impact to Kwigillingok's use of CRF proceeds;
7) interviewed key personnel responsible for preparing and certifying Kwigillingok's quarterly FPR submissions, as well as officials responsible for obligating and expending CRF proceeds;
8) made a non-statistical selection of Aggregate Direct Payments less than $50,000[8] and Direct Payments greater than or equal to $50,000[9] data identified through GrantSolutions and the alternative format of reporting; and
9) evaluated documentation and records used to support Kwigillingok's quarterly FPRs.

Based on our review of Kwigillingok's documentation supporting the uses of CRF proceeds, we identified questioned costs totaling $400,072, consisting of $132,031 in unsupported costs and $268,041 in ineligible costs. Accordingly, we determined that Kwigillingok's risk of unallowable use of funds is high. Due to resource

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[5] CRF Guidance as published in the Federal Register (January 15, 2021) https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf

[6] Treasury OIG, *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping*, OIG-20-028R (March 2, 2021)

[7] Section 15010 of P.L. 116-136 established the PRAC within CIGIE to promote transparency and conduct and support oversight of covered funds (see Footnote 11 for a definition of covered funds) and the coronavirus response to (1) prevent and detect fraud, waste, abuse, and mismanagement; and (2) mitigate major risks that cut across program and agency boundaries.

[8] Transactions less than $50,000 could be reported as an aggregate lump-sum amount by type (contracts, grants, loans, direct payments, and transfers to other government entities).

[9] Prime recipients were required to report CRF transactions greater than or equal to $50,000 in detail in the GrantSolutions portal.

constraints, we will not conduct an audit but we recommend that the Acting Chief Program Officer of the Treasury Office of Capital Access seek recoupment, as appropriate.

Non-Statistical Transaction Selection Methodology

Treasury issued a total of $1,294,364 in CRF payments to Kwigillingok. As of December 31, 2022, Kwigillingok expended all its CRF funds. We made a non-statistical selection of 34 transactions in the Aggregate Direct less than $50,000 and Direct Payments greater than or equal to $50,000 payment types. We made selections using auditor judgment based on the total CRF award amount, information and risks identified in reviewing prior audit reports, our review of Kwigillingok's FPR submissions, amounts claimed within each payment type, and our overall risk assessment of Kwigillingok. Because the transactions tested were non-statistically selected, results could not be extrapolated to the total universe of transactions.

Background

The CARES Act appropriated $150 billion to establish the CRF. Under the CRF, Treasury made payments for specified uses to States and certain local governments; the District of Columbia and U.S. Territories including the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands; and Tribal governments (collectively referred to as "prime recipients"). Treasury issued a total of $1,294,364 in CRF payments to Kwigillingok. The CARES Act stipulates that a prime recipient may only use the funds to cover costs that were:

1) necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
2) not accounted for in the budget most recently approved as of March 27, 2020; and
3) incurred during the period that began on March 1, 2020, and ended on December 31, 2021, for states, local governments, and territories. In the case of tribal governments, were incurred during the period that began on March 1, 2020, and ended on December 31, 2022 (covered period).

Section 15011 of the CARES Act, requires each covered recipient[10] to submit to Treasury and the PRAC, no later than 10 days after the end of each calendar

[10] Section 15011 of P.L. 116-136 defined a covered recipient as any entity that received large, covered funds and included any State, the District of Columbia, and any territory or possession of the United States.

quarter, a report that contained (1) the total amount of large covered funds[11,12] received from Treasury, (2) the amount of large covered funds received that were expended or obligated for each project or activity, (3) a detailed list of all projects or activities for which large covered funds were expended or obligated and (4) detailed information on any level of subcontracts or subgrants awarded by the covered recipient or its subrecipients.

The CARES Act assigned Treasury OIG the responsibility for compliance monitoring and oversight of the receipt, disbursement, and use of CRF proceeds. Treasury OIG was also assigned the authority to recoup funds if it is determined that a recipient failed to comply with the requirements of subsection 601(d) of the Social Security Act, as amended, (42 U.S.C. 801(d)). As part of this authority, if OIG determines that a CRF recipient failed to comply with the use of funds requirements for CRF award funds in 42 U.S.C. 801(d), the amount equal to the amount of funds used in violation shall be booked as a debt of such entity owed to the Federal Government (42 U.S.C. 801(f)(2)).

Desk Review Results

We reviewed the GrantSolutions portal and found that Kwigillingok did not timely submit the required quarterly FPRs in cycles in 1 through 9, as required under Treasury OIG's Guidance, *Coronavirus Relief Fund Reporting and Record Retention Requirements*. A representative from Kwigillingok stated that the delays were likely due to unreliable internet access. However, Kwigillingok did submit quarterly FPRs in cycles 10 and 11 via the alternative format of reporting. Kwigillingok fully obligated and expended its total CRF proceeds as of December 31, 2022, and marked its cycle 11 FPR submission as final for the period ended December 31, 2022.

We tested 34 transactions totaling $400,072. Of these, 26 transactions, totaling $132,031, lacked adequate supporting documentation and were classified as unsupported questioned costs. Eight transactions, totaling $268,041, were used for ineligible purposes and were classified as ineligible questioned costs. This resulted in cumulative questioned costs of $400,072. Table 1 shows a summary of expenditure totals and the results of our testing.

[11] Section 15010 of P.L. 116-136 defined covered funds as any funds, including loans, that were made available in any form to any non-Federal entity, not including an individual, under Public Laws 116-123, 127, and 136, as well as any other law which primarily made appropriations for Coronavirus response and related activities.

[12] Section 15011 of P.L. 116-136 defined large, covered funds as covered funds that amounted to more than $150,000.

Table 1. Summary of Non-Statistical Testing						
Payment Type	**Cumulative Expenditure Population Amount**	**Cumulative Expenditure Tested Amount**	**Number of Transactions Tested**	**Unsupported Questioned Costs**	**Ineligible Questioned Costs**	**Total Questioned Costs**
Aggregate Direct Payments < $50,000	$ 867,004	$ 301,392	26	$ 131,107	$ 170,285	$ 301,392
Direct Payments ≥ $50,000	$ 427,360	$ 98,680	8	$ 924	$ 97,756	$ 98,680
Totals	**$ 1,294,364**	**$ 400,072**	**34**	**$ 132,031**	**$ 268,041**	**$ 400,072**

Source: Treasury OIG

Aggregate Direct Payments Less Than $50,000

We are questioning all aggregate direct payments less than $50,000 that we tested. We determined that 2 of the 26 transactions totaling $170,285 were ineligible questioned costs. We noted that these transactions were indirect costs payments based on Kwigillingok's indirect cost rate, which is unallowable under the CRF.[13] We determined 24 of the 26 transactions totaling $131,107 were unsupported questioned costs, because Kwigillingok did not provide adequate supporting documentation. Therefore, we were unable to verify the eligibility of these transactions.

Direct Payments Greater Than or Equal to $50,000

We are questioning all direct payments greater than $50,000 that we tested. We determined 2 of the 8 transactions totaling $924 were unsupported questioned costs, because Kwigillingok did not provide the adequate supporting documentation. These transactions were payments for heating fuel.

We determined that the remaining 6 of the 8 transactions, totaling $97,756, were ineligible questioned costs. These transactions were reportedly for maintenance repairs on the Kwigillingok power plant. We noted that these transactions were in progress before the COVID–19 public health emergency. Therefore, they are unallowable.

[13] *Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local Governments* published in the Federal Register (January 15, 2021) states: "recipients may not apply their indirect costs rates to payments received from the Fund."

Follow-up Facts and Analysis

Treasury OIG communicated the results of our review with Kwigillingok as follows:

- On June 1, 2026, we emailed the Tribal Finance Officer to notify her that the tribe had not provided adequate supporting documentation for 34 CRF expenditures, totaling $400,072, consisting of $132,031 in unsupported costs and $268,041 in ineligible costs. We requested that this documentation be submitted by June 15, 2026.
- On June 2, 2026, the Tribal Finance Officer informed Treasury OIG that Kwigillingok was hit by Typhoon Halong in October 2025, therefore the village was evacuated.
- On June 18, 2026, Treasury OIG met with the Tribal Finance Officer and discussed the preliminary findings and associated questioned costs. The Tribal Finance Officer stated that she provided all documentation she could find. Treasury OIG extended the deadline to June 26, 2026, to allow more time.
- As of this writing, Treasury OIG has not received correspondence from Kwigillingok regarding the supporting documentation sufficient to demonstrate the eligibility of identified costs of $400,072.

Conclusion

Based on our review of Kwigillingok's documentation supporting the uses of CRF proceeds, we identified questioned costs totaling $400,072, consisting of $132,031 in unsupported costs and $268,041 in ineligible costs. Treasury OIG interprets Kwigillingok's failure to provide adequate supporting documentation for the identified expenditures as acknowledgement that it cannot demonstrate that the funds were used for eligible CRF purposes. Accordingly, we determined that Kwigillingok's risk of unallowable use of funds is high. Due to resource constraints, we will not conduct an audit, but the $400,072 remains unsubstantiated and subject to recoupment.

Resources appropriated to Treasury OIG for the purposes of recoupment for this program are no longer available. The Deputy Inspector General, exercising the delegated authorities of the Inspector General, therefore recommends that the Office of Capital Access, in its role as the program office and on behalf of the Treasury, book the identified amount as a debt of the entity and recoup the amounts as mandated in 42 U.S.C. 801(f)(2).

Recommendation

We recommend that the Acting Chief Program Officer of the Treasury Office of Capital Access seek recoupment of questioned costs, as appropriate.

Kwigillingok's Response

As part of our reporting process, we provided Kwigillingok with a draft of this desk review memorandum for review and comment. However, no response was received.

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All work completed complies with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Federal Offices of Inspectors General*, which require that the work adheres to the professional standards of independence, due professional care, and quality assurance to ensure the accuracy of the information presented.[14] We appreciate the courtesy and cooperation provided to our staff during the desk review. If you have any questions or require further information, please contact me (202) 927-5400, or a member of your staff may contact Virginia Shirley, Acting Deputy Assistant Inspector General for Audit, at (202) 246-0362.

cc: Michelle A. Dickerman, Deputy Assistant General Counsel,
Department of the Treasury
Thao P. Tran, Acting Chief Operating Officer, Office of Capital Access,
Department of the Treasury
Lilian R. Lowrey, Supervisory Grants Management Specialist,
Department of Treasury
Gavin Phillip, Tribal Administrator, Native Village of Kwigillingok

[14] https://www.ignet.gov/sites/default/files/files/Silver%20Book%20Revision%20-%208-20-12r.pdf

Attachment

Schedule of Monetary Benefits

According to the Code of Federal Regulations,[15] a questioned cost is a cost that is questioned due to a finding:

> (a) which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a Federal award, including for funds used to match Federal funds;
>
> (b) where the costs, at the time of the review, are not supported by adequate documentation; or
>
> (c) where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

Questioned costs are to be recorded in the Department of the Treasury's (Treasury) Joint Audit Management Enterprise System.[16] The amount will also be included in the Office of Inspector General Semiannual Report to Congress. It is Treasury management's responsibility to report to Congress on the status of the agreed to recommendations with monetary benefits in accordance with 5 USC 405.

Recommendation	Questioned Costs
Recommendation No. 1	$400,072

The questioned costs represent amounts provided by Treasury under the Coronavirus Relief Fund. As discussed in the attached desk review, there was a total of $400,072 in questioned costs, consisting of $132,031 in unsupported costs and $268,041 in ineligible costs.

[15] 2 CFR § 200.84 – Questioned Cost

[16] The Joint Audit Management Enterprise System is Treasury's audit recommendation tracking system.