



OFFICE OF  
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

July 28, 2023

**MEMORANDUM FOR JESSICA MILANO, ACTING CHIEF RECOVERY OFFICER,  
DEPARTMENT OF THE TREASURY**

**FROM:** Deborah L. Harker /s/  
Assistant Inspector General for Audit

**SUBJECT:** Desk Review of Native Village of Point Hope's Use of  
Coronavirus Relief Fund Proceeds (OIG-CA-23-038)

Please find the attached desk review memorandum<sup>1</sup> on Native Village of Point Hope's (Point Hope) use of Coronavirus Relief Fund (CRF) proceeds. The CRF is 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). Under a contract monitored by our office, Castro & Company, LLC (Castro), a certified independent public accounting firm, performed the desk review. Castro performed the desk review in accordance with the Council of the Inspectors General on Integrity and Efficiency *Quality Standards for Federal Offices of Inspector General* standards of independence, due professional care, and quality assurance.

Due to Point Hope personnel's failure to communicate or provide documentation during the desk review, Castro was unable to make a non-statistical selection of the Direct Payments greater than \$50,000, Aggregate Reporting less than \$50,000,<sup>2</sup> and Aggregate Payments to Individuals<sup>3</sup> data identified in the grants portal. Castro determined that the lack of documentation created a scope limitation and they were unable to evaluate the documentation and records used to support Point Hope's quarterly Financial Progress Reports (FPR).

Castro could not determine if Point Hope's use of CRF proceeds complies with the CARES Act and Department of the Treasury's (Treasury) Guidance. Therefore, Castro questions the entire \$2,348,063.69 in CRF proceeds that Point Hope

---

<sup>1</sup> The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) assigned the Department of the Treasury Office of Inspector General with responsibility for compliance monitoring and oversight of the receipt, disbursement, and use of Coronavirus Relief Fund (CRF) payments. The purpose of the desk review is to perform monitoring procedures of the prime recipient's receipt, disbursement, and use of CRF proceeds as reported in the grants portal on a quarterly basis.

<sup>2</sup> Recipients are required to report CRF transactions greater than or equal to \$50,000 in detail in the grants portal. Transactions less than \$50,000 can be reported as an aggregate lump-sum amount by type (contracts, grants, loans, direct payments, and transfers to other government entities).

<sup>3</sup> Obligations and expenditures for payments made to individuals, regardless of amount, are required to be reported in the aggregate in the grants portal to prevent inappropriate disclosure of personally identifiable information.

received from Treasury and concludes that Point Hope's risk of unallowable use of funds is high. As such, Castro recommends that Treasury Office of Inspector General (OIG) personnel follow-up on the missing documentation and make a determination whether to conduct a full-scope audit of Point Hope. In addition, Castro recommends that Treasury OIG determines whether to take further action, up to and including recoupment of Point Hope's CRF proceeds, based on the scope limitation and potential noncompliance with the records retention requirement. Castro and Treasury OIG met with Point Hope management to discuss the questioned costs and reporting issues. Point Hope management stated that they would like an opportunity to provide Treasury OIG documentation to support the questioned costs and update reporting.

Treasury OIG personnel noted that Point Hope has not filed any of its required Single Audit reports for fiscal years 2020, 2021, or 2022. We will work with Treasury's Office of Recovery Programs and Point Hope personnel to determine the status of the Single Audit reports.

In connection with our contract with Castro, we reviewed Castro's desk review memorandum and related documentation and inquired of its representatives. Our review, as differentiated from an audit performed in accordance with generally accepted government auditing standards, was not intended to enable us to express an opinion on Point Hope's use of CRF proceeds. Castro is responsible for the attached desk review memorandum and the conclusions expressed therein. Our review found no instances in which Castro did not comply in all material respects with the *Quality Standards for Federal Offices of Inspector General*.

If you have any questions or require further information, please contact me at (202) 486-1420, or a member of your staff may contact Lisa DeAngelis, Deputy Assistant Inspector General for Audit, at (202) 487-8371.

cc: Michelle A. Dickerman, Deputy Assistant General Counsel, Department of the Treasury  
Victoria Collin, Chief Compliance & Finance Officer, Office of Recovery Programs, Department of the Treasury  
Christopher Sun, Director of Data and Reporting, Office of Recovery Programs, Department of the Treasury  
Adela Lane, Acting Executive Director, Native Village of Point Hope  
Wayne Ference, Partner, Castro & Company, LLC

Attachment

Schedule of Monetary Benefits

According to the Code of Federal Regulations,<sup>4</sup> 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 (JAMES).<sup>5</sup> The amount will also be included in the Office of Inspector General (OIG) 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 Section 405(b) of the Inspector General Act of 1978.

<u>Recommendation</u>	<u>Questioned Costs</u>
Recommendation No. 1	\$2,348,063.69

The questioned cost represents amounts provided by Treasury under the Coronavirus Relief Fund. As discussed in the attached desk review, \$2,348,063.69 is Point Hope's expenditures reported in the grant-reporting portal that lacked supporting documentation.

---

<sup>4</sup> 2 CFR § 200.84 – Questioned Cost

<sup>5</sup> JAMES is Treasury's audit recommendation tracking system.

Desk Review of the Native Village of Point Hope, Alaska

July 28, 2023

OIG-CA-23-038

MEMORANDUM FOR DEBORAH L. HARKER,  
ASSISTANT INSPECTOR GENERAL FOR AUDIT

FROM: Wayne Ference  
Partner, Castro & Company, LLC

SUBJECT: Desk Review of the Native Village of Point Hope, Alaska

On June 2, 2022, we initiated a desk review of the Native Village of Point Hope's (Point Hope) use of the Coronavirus Relief Fund (CRF) 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).<sup>1</sup> The objective of our desk review was to evaluate Point Hope's documentation supporting its uses of CRF proceeds as reported in the GrantSolutions<sup>2</sup> portal and to assess the risk of unallowable use of funds. The scope of our desk review was limited to obligation and expenditure data for the period of March 1, 2020 through March 31, 2022 as reported in Cycles 1<sup>3</sup> through 8<sup>4</sup> in the GrantSolutions portal, except as described in the following paragraph.

We conducted the entrance conference with Point Hope on June 2, 2022 to initiate the desk review. Officials from Point Hope, Castro, and Department of the Treasury (Treasury) Office of Inspector General (OIG) attended. Following the entrance conference, we provided Point Hope our initial document request list with a due date of June 22, 2022, and granted Point Hope personnel an extension until June 27, 2022, per their request. We attempted to meet with Point Hope personnel on at least six different occasions to discuss the document request list as well as to conduct a walkthrough of the procedures in place to record and report the uses of the CRF proceeds. Point Hope personnel stated that they are made up of a relatively small team that had experienced significant turnover and

---

<sup>1</sup> P.L. 116-136 (March 27, 2020).

<sup>2</sup> 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.

<sup>3</sup> Calendar quarter ending June 30, 2020.

<sup>4</sup> Calendar quarter ending March 31, 2022.

## Desk Review of the Native Village of Point Hope, Alaska

there was inadequate transfer of knowledge relative to the uses and reporting of the CRF proceeds. In August 2022, Point Hope personnel discovered transactions were missing from their GrantSolutions portal reporting and adjustments were needed resulting in another request for additional time to reconcile this information. We informed Treasury OIG of the complications we were experiencing with Point Hope and were put in contact with the Treasury Office of Tribal and Native Affairs Policy Advisor. Castro, Treasury OIG, and the Treasury Office of Tribal and Native Affairs Policy Advisor met with Point Hope officials in September 2022, after which time Point Hope personnel stopped responding to all communication with Castro. Castro kept Treasury OIG informed of Point Hope's delays and non-responsiveness throughout the performance of our desk review. Because of the lack of documentation provided and the incomplete populations of transactions recorded in GrantSolutions, we determined that there was a scope limitation that impacted our ability to perform adequate procedures to complete this desk review.

As part of our desk review, we were able to perform the following:

- 1) reviewed Point Hope's quarterly Financial Progress Reports (FPRs) submitted in the GrantSolutions portal through March 31, 2022;
- 2) reviewed the *Department of the Treasury's (Treasury) Coronavirus Relief Fund Guidance* as published in the Federal Register on January 15, 2021;<sup>5</sup>
- 3) reviewed Treasury's Office of Inspector General (OIG) *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping*;<sup>6</sup>
- 4) reviewed Treasury OIG's monitoring checklists<sup>7</sup> of Point Hope's quarterly FPR submissions for reporting deficiencies;
- 5) reviewed other audit reports issued, such as Single Audit reports,<sup>8</sup> 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 Point Hope's uses of CRF proceeds;
- 6) reviewed Treasury OIG Office of Investigations (OI), the Council of the Inspectors General on Integrity and Efficiency Pandemic Response

---

<sup>5</sup> Coronavirus Relief Fund Guidance as published in the Federal Register (January 15, 2021) [https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register\\_2021-00827.pdf](https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf)

<sup>6</sup> Department of the Treasury Office of Inspector General *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping* OIG-20-028R; March 2, 2021

<sup>7</sup> The checklists are used by Treasury OIG personnel to monitor the progress of prime recipient reporting in the GrantSolutions portal. GrantSolutions quarterly submission reviews are designed to identify material omissions and significant errors, and where necessary, include procedures for notifying prime recipients of misreported data for timely correction. Treasury OIG follows the *CRF Prime Recipient Quarterly GrantSolutions Submissions Monitoring and Review Procedures Guide*, OIG-CA-20-029R to monitor the prime recipients quarterly.

<sup>8</sup> As of the end of our fieldwork, Point Hope had not filed any single audit reports for fiscal years 2020, 2021 or 2022.

## Desk Review of the Native Village of Point Hope, Alaska

Accountability Committee (PRAC),<sup>9</sup> and Treasury OIG Office of Counsel input on issues that may pose risk or impact Point Hope's uses of CRF proceeds; and

- 7) interviewed key personnel responsible for preparing and certifying Point Hope's GrantSolutions portal quarterly FPR submissions, as well as officials responsible for obligating and expending CRF proceeds.

Due to the scope limitation described above, we were unable to make a non-statistical selection of the Direct Payments, Aggregate Reporting less than or equal to \$50,000,<sup>10</sup> and Aggregate Payments to Individuals<sup>11</sup> data identified through GrantSolutions reporting, and we were unable to evaluate the documentation and records used to support Point Hope's quarterly FPRs. In addition, we were unable to determine whether the documentation exists or is sufficient to support the uses of CRF proceeds and its compliance with the CARES Act and Treasury's Guidance; therefore, we question the entire \$2,348,063.69 in CRF proceeds that Point Hope received and conclude that Point Hope's risk of unallowable use of funds is high.

Castro is recommending Treasury OIG follow-up on the missing documentation and make a determination whether to conduct a full-scope audit of Point Hope. In addition, Castro recommends that Treasury OIG personnel determine whether to take further action, up to and including recoupment of Point Hope's CRF proceeds, based on the scope limitation and potential noncompliance with the records retention requirement. The records retention guidance requires recipients of the CRF to maintain and make available to Treasury OIG, upon request, all documents and financial records sufficient to establish compliance with subsection 601(d) of the Social Security Act, as amended, (42 U.S.C. 801(d)).<sup>12</sup>

---

<sup>9</sup> Section 15010 of P.L. 116-136 established the Pandemic Response Accountability Committee within the Council of the Inspectors General on Integrity and Efficiency to promote transparency and conduct and support oversight of covered funds (see Footnote 15 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.

<sup>10</sup> Recipients are required to report CRF transactions greater than or equal to \$50,000 in detail in the GrantSolutions portal. Transactions less than \$50,000 can be reported as an aggregate lump-sum amount by type (contracts, grants, loans, direct payments, and transfers to other government entities).

<sup>11</sup> Obligations and expenditures for payments made to individuals, regardless of amount, are required to be reported in the aggregate in the GrantSolutions portal to prevent inappropriate disclosure of personally identifiable information.

<sup>12</sup> The Department of Treasury Office of Inspector General *Memorandum for Coronavirus Relief Fund Reporting and Record Retention Requirements*, OIG-20-021; July 2, 2020.

## **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 United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands; and Tribal governments. Treasury issued a CRF payment to Point Hope for \$2,348,063.69. The CARES Act stipulates that a recipient may only use the funds to cover costs that—

- (1) are necessary expenditures incurred due to the public health emergency with respect to the coronavirus disease 2019 (COVID-19);
- (2) were not accounted for in the budget most recently approved as of March 27, 2020; and
- (3) were incurred between March 1, 2020 and December 31, 2022.<sup>13</sup>

Section 15011 of the CARES Act requires each covered recipient<sup>14</sup> to submit to Treasury and the PRAC, no later than 10 days after the end of each calendar quarter, a report that contains (1) the total amount of large covered funds<sup>15,16</sup> 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 sub-contracts or sub-grants awarded by the covered recipient or its sub-recipients.

The CARES Act assigned Treasury OIG the responsibility for compliance monitoring and oversight of the receipt, disbursement, and use of CRF proceeds. Treasury OIG also has authority to recoup funds in the event that it is determined a recipient failed to comply with requirements of subsection 601(d) of the Social Security Act, as amended.

---

<sup>13</sup> P.L. 116-260 (December 27, 2020). The period of performance end date of the CRF was extended through December 31, 2021 by the Consolidated Appropriations Act, 2021. The period of performance end date for tribal entities was further extended to December 31, 2022 by the State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act, Division LL of the Consolidated Appropriations Act, 2023, P.L. 117-328, December 29, 2022, 136 Stat. 4459.

<sup>14</sup> Section 15011 of P.L. 116-136 defines a covered recipient as any entity that receives large covered funds and includes any State, the District of Columbia, and any territory or possession of the United States.

<sup>15</sup> Section 15010 of P.L. 116-136 defines covered funds as any funds, including loans, that are 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 makes appropriations for Coronavirus response and related activities.

<sup>16</sup> Section 15011 of P.L. 116-136 defines large covered funds as covered funds that amount to more than \$150,000.

## Desk Review Results

### Financial Progress Reports

According to the CARES Act, quarterly FPRs should be submitted by the 10<sup>th</sup> day of the month following quarter end unless it falls on a holiday. Based on our review of the quarterly FPRs, Point Hope personnel did not comply with the reporting timeline as required under Department of the Treasury’s Guidance OIG-CA-20-021 (issued July 2, 2020), *Coronavirus Relief Fund Reporting and Record Retention Requirements*.

We determined that Point Hope personnel did not submit their FPRs for Cycles 1<sup>17</sup> through 3<sup>18</sup> or Cycles 5<sup>19</sup> through 8.<sup>20</sup> They only reported in the GrantSolutions portal for Cycle 4.<sup>21</sup> Point Hope personnel told us that the root cause of this issue was the result of high staff turnover within the finance department during the covered period.

### Point Hope’s Use of CRF Proceeds

Treasury issued a CRF payment of \$2,348,063.69 to Point Hope. In the last report submitted by Point Hope for Cycle 4,<sup>22</sup> the cumulative obligations and expenditures were both \$2,295,617.85. Point Hope personnel did not submit any subsequent reports. Point Hope’s cumulative obligations and expenditures by obligation type, as reported in GrantSolutions through Cycle 8, is summarized below.

Payment Type	Cumulative Obligated Amount	Cumulative Expenditure Amount
Contracts >= \$50,000	\$ -	\$ -
Grants >= \$50,000	\$ -	\$ -
Loans >= \$50,000	\$ -	\$ -
Transfers >= \$50,000	\$ -	\$ -
Direct Payments >= \$50,000	\$ 311,866.85	\$ 311,866.85
Aggregate Reporting < \$50,000	\$ 473,501.00	\$ 473,501.00
Aggregate Payments to Individuals (in any amount)	\$ 1,510,250.00	\$ 1,510,250.00
<b>Totals</b>	<b>\$ 2,295,617.85</b>	<b>\$ 2,295,617.85</b>

We could not obtain accurate or complete populations from which to select transactions for detailed review to determine if expenditures were allowable and

<sup>17</sup> Calendar quarter ending June 30, 2020.

<sup>18</sup> Calendar quarter ending December 31, 2020.

<sup>19</sup> Calendar quarter ending June 30, 2021.

<sup>20</sup> Calendar quarter ending March 31, 2022.

<sup>21</sup> Calendar quarter ending March 31, 2021.

<sup>22</sup> Calendar quarter ending March 31, 2021.



## Desk Review of the Native Village of Point Hope, Alaska

in accordance with the CARES Act and Treasury's guidance. This scope limitation resulted from Point Hope management not completing a reconciliation of its GrantSolutions portal reported balances. We were unable to determine if Direct Payments greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals were necessary expenditures due to the COVID-19 public health emergency, were not accounted for in the budget most recently approved as of March 27, 2020, and were incurred during the covered period. Castro noted that Point Hope did not obligate or expend CRF proceeds to Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Loans greater than or equal to \$50,000, and Transfers<sup>23</sup> greater than or equal to \$50,000.

Point Hope personnel stated that they were a relatively small team that experienced significant turnover and received inadequate transfer of knowledge relative to the uses and reporting of the CRF proceeds.

We determined that Point Hope did not comply with Treasury OIG *Coronavirus Relief Fund Recipient Reporting and Record Retention Requirements* (OIG-CA-20-021; July 2, 2020). This guidance requires each prime recipient of CRF payments to maintain and make available to Treasury OIG, upon request, all documents and financial records sufficient to establish compliance with the CARES Act and the use of CRF proceeds. Because Point Hope personnel did not provide the information necessary for Castro to determine whether its uses of funds were eligible or supported, we questioned the entire \$2,348,063.69 in CRF funds received by Point Hope.

The following table includes the total cumulative expenditure population amount and the cumulative expenditure amount we attempted to test. Within the table below, we have included a summary of unsupported and ineligible exception balances identified as questioned costs.

---

<sup>23</sup> A transfer to another government entity is a disbursement or payment to a government entity that is legally distinct from the prime recipient.

**Summary of Expenditure Testing and Recommended Results – As of Cycle 10<sup>24</sup>**

Payment Type	Cumulative Expenditure Population Amount*	Cumulative Expenditure Tested Amount	Unsupported Exceptions*	Ineligible Exceptions	Castro Reviewed Value Without Exception (per Support)
Contracts >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Grants >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Loans >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers to Other Government Agencies >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Direct Payments >= \$50,000	\$ 320,276.07	\$ -	\$ 320,276.07	\$ -	\$ -
Aggregate Reporting < \$50,000	\$ 442,899.66	\$ -	\$ 442,899.66	\$ -	\$ -
Aggregate Payments to Individuals (in any amount)	\$ 1,584,887.96	\$ -	\$ 1,584,887.96	\$ -	\$ -
<b>Totals*</b>	<b>\$ 2,348,063.69</b>	<b>\$ -</b>	<b>\$ 2,348,063.69</b>	<b>\$ -</b>	<b>\$ -</b>

\*Amounts adjusted to reflect cumulative expenditure amounts reported as of October 7, 2022. Point Hope did not fully obligate or expend their CRF proceeds until after Cycle 8 (the scope of the desk review).

**Conclusion**

We were unable to determine whether Point Hope’s reported obligations and expenditures complied with the CARES Act and Treasury’s Guidance due to the scope limitation. We question the entire \$2,348,063.69 in CRF proceeds that Point Hope received because of the lack of supporting documentation. Additionally, we determined Point Hope’s risk of unallowable use of funds to be high.

Castro is recommending Treasury OIG follow-up on the missing documentation and make a determination whether to conduct a full-scope audit of Point Hope. In addition, Castro recommends that Treasury OIG determines whether to take further action, up to and including recoupment of Point Hope’s CRF proceeds based on the scope limitation and potential noncompliance with the records retention requirement.

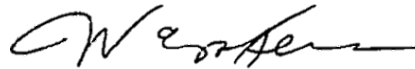
<sup>24</sup> Calendar quarter ending September 30, 2022.

Desk Review of the Native Village of Point Hope, Alaska

\*\*\*\*\*

All work completed with this letter 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.<sup>25</sup>

Sincerely,



Wayne Ference  
Partner, Castro & Company, LLC

---

<sup>25</sup> <https://www.ignet.gov/sites/default/files/files/Silver%20Book%20Revision%20-%202018-20-12r.pdf>