



# United States Department of the Interior

## BUREAU OF INDIAN AFFAIRS

Western Regional Office  
2600 North Central Avenue  
4<sup>th</sup> Floor Mailroom  
Phoenix, Arizona 85004

In Reply Refer to  
Self-Determination Services

January 2, 2025

Certified Mail – Return Receipt No. 9589 0710 5270 0369 7379 65

Honorable Edith Smartt, Chairwoman  
Te-Moak Tribe of Western Shoshone  
525 Sunset Street  
Elko, Nevada 89801

Subject: FY 2022 and 2023 Single Audits

Dear Chairwoman Smartt:

This letter concerns the Single audits for the Te-Moak Tribe of Western Shoshone for the Fiscal Years Ending September 30, 2021 and September 30, 2022. As you may already be aware, pursuant to the Single Audit Act and Title 2, Code of Federal Regulations (CFR) Chapter II, Part 200 (2 CFR 200) requires non-federal entities expending \$750,000 or more in federal funds during a fiscal year (FY) to have a Single Audit conducted for that year.

The Te-Moak Tribe of Western Shoshone, under the direction of the Holley Council, received and expended funds for Fiscal Year 2021, 2022 and 2023. The Holley Council, in compliance with the federal regulation, contracted with Midwest Professionals, P.L.L.C., Certified Public Accountants, to conduct an audit in accordance with generally accepted standards for the 2021 and 2022 fiscal years. Enclosed are copies of the two audits for your records. The two audits contained issues regarding unsupported deferred revenue.

Deferred revenue can be defined as contract funding received by the Tribe prior to expenditure for contract-related purposes. Funds drawn by the Tribe that have not yet been expended for services or supplies must be maintained in a separate bank account and safeguarded in accordance with 25 U.S.C. Code 5310 – Investment of advance payments; restrictions; and deposited only into accounts that are insured by an agency or instrumentality of the United States, or are fully collateralized to ensure protection of the funds, even in the event of a bank failure. The Holley Council failed to comply with this provision.

Furthermore, Midwest Professionals, P.L.L.C. identified one finding that remains unresolved. As of September 30, 2021, the Tribe had a total balance of \$10,285,155.00 in unearned (deferred) revenue – meaning contract dollars provided by both Bureau of Indian Affairs (BIA) and Indian Health Service (IHS) drawn by the Tribe but not yet expended on program expenditures. The total amount of unearned revenue should be supported by adequate cash or cash equivalents, but the Tribe's audit only showed a balance of \$10,093,685.00, leaving a deficient of \$191,470.00. This indicates that advanced contract funds were used by the Holley

council to cover expenditures incurred in the Tribe's general fund and Internal Service Fund. The Balance Sheet also shows that \$301,865 is "Due from Other Funds" in the BIA fund. This amount has been questioned by BIA and requires supporting documentation from the Tribe in order to reinstate the questioned costs.

However, it is our understanding that the Holley Council removed tribal records from the Tribe's administrative building and are withholding them from the current council. Without these records and adequate supporting documentation, BIA cannot issue a determination on the questioned costs and so they have been sustained and disallowed – see enclosed management decision dated October 8, 2024. A Bill of Collection will be issued within ninety days of receipt of the decision for the disallowed amount \$301,865.00.

The 2022 audit revealed similar issues relating to unsupported deferred revenue. While the BIA Fund had unearned revenue in the amount of \$623,907.00, the Tribe had only \$204,157.00 for cash and cash equivalents. There was a "due from other funds" balance of \$419,750.00, which was questioned by BIA. Again, without adequate supporting documentation, currently withheld by the Holley Council, BIA cannot reinstate the funding. A management decision was issued by the Awarding Official on December 30, 2024 sustaining the questioned costs and disallowing them. A Bill of Collection will be issued within 90 days of receipt of the decision.

To summarize, the Tribe under the Holley Council had questioned costs as follows:

<u>Audit</u>	<u>Questioned Costs</u>
2021 Single Audit	\$301,865.00
2022 Single Audit	\$419,750.00
TOTAL:	\$721,615.00

BIA Western Regional Office has not had any formal communication with the Holley Council since February 26, 2024 (copy enclosed), following the Regional Director's October 17, 2023 decision identifying Ms. Danena Ike as a "person of authority" within the Tribe with whom business could be conducted. BIA is typically only allowed to discuss business with the recognized leader and government of the Tribe.

The purpose of this letter was to bring this matter to your attention. A bill of collection will be issued for the above-discussed disallowed costs unless adequate documentation is provided.

Below are options for the Tribe:

1. The Tribe may appeal the management decisions disallowing the questioned costs for both audits to the Civilian Board of Contract Appeals. Appeal information is provided in both management decisions.
2. The Tribe may provide adequate documentation to allow BIA to make an amended management decision and reinstate the disallowed costs.
3. The Tribe may arrange to reimburse BIA for the questioned costs.

BIA is willing to assist the Tribe in determining its options. Should the Tribe wish to arrange a conference call to discuss this matter, please contact Ms. Nancy Jones, Regional Self-Determination Officer, at (480) 744-4895 or Kyle Clayton, Self-Determination Specialist, at (480) 744-4912.

Sincerely,

**KYLE**  
**CLAYTON**

Digitally signed by  
KYLE CLAYTON  
Date: 2025.01.02  
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Kyle Clayton  
Awarding Official  
BIA-2025-L1-000151

Attachment 1 – FY 2021 Single Audit  
Attachment 2 – FY 2021 Management Decision/Appeal Rights  
Attachment 3 – FY 2022 Single Audit  
Attachment 4 – FY 2022 Management Decision/Appeal Rights  
Attachment 5 – Letter dated February 26, 2024

cc: Division of Internal Evaluation & Assessment  
Jane Jackson-Bear, Superintendent, Eastern Nevada Agency  
Danena Ike, Tribal Administrator, Te-Moak Tribe of Western Shoshone