

EXHIBIT 1

[TRANSMITTAL LETTER TO AUDITEE FINANCIAL ASSISTANCE AUDIT]

(Name)
(Address)

Dear Sir or Madam:

Enclosed is a copy of Audit Report No. _____ concerning the following Department of Commerce financial assistance award:

Recipient: _____

Award No. _____

Funding Bureau: _____

The final report was prepared by _____

_____.

This letter is notice of your opportunity and responsibility to review the report and to develop a complete response that addresses each audit finding and recommendation. If you believe that the report is in error in any respect, or if you disagree with any of the findings and recommendations, it is important that you explain the error or your reasons for disagreement and either submit to the Department evidence which supports your contentions or reference any such evidence previously submitted to this office. You also must explain how each documentary submission supports the position you are taking; otherwise, we may be unable to analyze the information.

Your complete response will be considered by the Department in arriving at a decision on what action to take with respect to the findings and recommendations in the audit report. Enclosure 1 of this Exhibit explains applicable administrative dispute procedures.

Your response to this report must be postmarked no later than 30 days from the date of this letter. There will be no extensions to this deadline. If you do not submit a response within the required timeframe, you will have no other opportunity to submit comments, arguments or documentation before the Department makes a decision on the audit report.

Please send your response [including documentary evidence] to the following Agency Action Official:

(name and address)

Please send a copy of the response letter to:

(OIG audit official's name and address)

After evaluating your response, the Agency Action Official may provide you with further guidance or request clarification of your response. As you prepare your response, if you have any questions about this report or the process by which the Department reaches a final decision, please call to

Name _____ this office at Phone Number _____, referring to the audit report number given above.

Sincerely,

(Appropriate OIG Official)

Enclosures

EXHIBIT 1

Enclosure 1

NOTICE TO AUDITEES

Financial Assistance Audits

1. Audit requirements applicable to a particular financial assistance award may be established by law, regulation, policy or the terms of the recipient's financial assistance agreement with the Department of Commerce.
2. The results of any audit will be reported to the bureau or office administering the financial assistance award and to the recipient/Auditee, unless the Inspector General of the Department determines that it is in the Government's interest to withhold release of the audit report.
3. The results of an audit may lead to adverse consequences for the Auditee, including but not limited to the following actions (which are subject to applicable laws and regulations):
 - suspension and/or termination of current awards;
 - referral of identified problems to other Federal funding agencies and entities as deemed necessary for remedial action;
 - denial of eligibility for future awards; cancelling the authorization for advance payment and substituting reimbursement by check;
 - establishment of special conditions in current and future awards;
 - disallowance of costs, which could result in a reduction in the amount of Federal payments, the withholding of payments, the offset of amounts due the Government against amounts due the Auditee, or the establishment of a debt and appropriate debt collection follow-up (including referrals to collection agencies).

Because of these and other possible consequences, an Auditee should take seriously its responsibility to respond to audit findings and recommendations with explanations and evidence whenever audit results are disputed, and the Auditee has the opportunity to comment.

4. To ensure that audit reports are accurate and reliable, an Auditee may have the following opportunities to point out errors (of fact or law) that the Auditee believes were made in the audit, to explain other disagreements with audit findings and recommendations, to present evidence that supports the Auditee's positions, and to dispute final determinations:

EXHIBIT 1

Enclosure 1

- During the audit, the Auditee may bring to the attention of the auditors at any time evidence which the Auditee believes affects the auditors' work.
- At the completion of the audit on site, as a matter of courtesy, the Auditee usually is given the opportunity to have an exit conference to discuss the preliminary audit findings and to present a clear statement of the Auditee's position on the significant preliminary findings, including possible cost disallowances.
- Upon issuance of the draft audit report, the Auditee may be given the opportunity to comment and submit evidence during the 30-day period after the transmittal of the report. (The Inspector General reserves the right to decide not to issue a draft report to the Auditee.)
- Upon issuance of the final audit report, the Auditee is given the opportunity to comment and to present evidence during the 30-day period after the transmittal of the report. (There are no extensions to this deadline.)
- Upon issuance of the Department's decision (the "Agency Resolution Determination") on the audit report's findings and recommendations, the Auditee has the right to appeal for reconsideration within 30 calendar days after receipt of the Determination letter. (There are no extensions to this deadline.) The Determination letter will explain the specific appeal procedures to be followed.
- After an appeal is filed, or after the opportunity for an appeal has expired, the Department will not accept any further submissions of evidence concerning an Auditee's dispute of the Department's decisions on the resolution of the financial assistance audit. If the appeal decision upholds the finding that the Auditee owes money or property to the Department as decided in the Agency Resolution Determination, the Department will take appropriate collection action but will not thereafter reconsider the merits of the debt.
- There are no other administrative appeals available in the Department.