

## EXHIBIT 4

### INSTRUCTIONS FOR PREPARATION OF AGENCY RESOLUTION DETERMINATION

These instructions do not mandate a specific format but do provide requirements to be used to notify a financial assistance recipient by letter of the Department's financial and nonfinancial determinations after resolution of a final audit report. If the Agency intends to use the Agency Resolution Determination as the first notice to the Auditee of a debt, the Agency Action Official shall consult with the Office of General Counsel to ensure that the requirements for a demand letter under applicable federal law have been satisfied. This consultation will ensure that there is no delay in the collection of a debt due to the Department.

1. The Agency Action Official has ten working days after agreement is reached on the proper resolution of the audit report to send the Department's Agency Resolution Determination to the Auditee by certified mail, return receipt requested, or by any other method that provides evidence of receipt. The Agency Action Official will ensure that the Determination is mailed or placed in a delivery system the same date as appears on the letter.

2. The Agency Resolution Determination letter should include the following:

- the Department's decision with respect to each audit, inspection, or evaluation finding and recommendation in the final report, including the determination that the Auditee owes the Department \$ \_\_\_\_\_, and that an account receivable is being established effective on the date of the letter;
- the reasons that support the Department's decision on each issue;
- the reasons that the Department rejected in whole or in part the comments, arguments, and/or evidence submitted to the Agency Action Official by the Auditee;
- a demand that the Auditee repay, within 30 days from the date the determination letter was mailed or hand delivered, the \$ \_\_\_\_\_ that has been found owing;
- a statement that the agency records supporting the debt are the final audit report (already furnished), the Auditee's response (if any), and this letter;\*
- a statement that, if no payment (or written agreement on repayment) is received during the 30-day period, the Department shall implement the financial determinations made during the audit resolution process by instituting appropriate collection action, including possible referral to a debt collection agency and credit reporting bureau, or collection through administrative offset;
- an explanation of the applicable standards for assessing interest, penalties, and administrative costs;

\*If additional records are relied on, they should either be furnished at this time or referenced, or the Auditee should be given the opportunity to inspect and copy the records.

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- an explanation of the applicable appeal rights of the Auditee, and the procedures by which the Department makes a decision on the appeal, i.e., a summary of Section 8 of the DAO;
  - an explanation of the fact that, after the appeal procedures are completed, the Auditee has no further recourse with the Department to dispute the legal validity of the debt; and
  - instructions on where to file the appeal, with the name and title of the official to receive the appeal and the name, title, address, and telephone number of a responsible official who can explain the claim and answer related questions.
  - If the Deputy Secretary made the original Agency Resolution Determination under DAO 213-5, the Auditee's appeal will be addressed to the Deputy Secretary for his/her reconsideration of the audit determination.
3. A copy of the Agency Resolution Determination letter will be attached to the Accounting Notice of Agency Resolution Determination (Exhibit 5) furnished to the accounting officer and others, as applicable.