

Approved by: (Initials) \_\_\_\_\_

Date: 6/13/2008

# The Tulalip Tribes Government

## FINANCE POLICY

Approved by the Board of Directors

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Date

### Mission Statement:

- *To provide timely, efficient and effective Financial Services to benefit internal and external customers for the enhancement of the Tulalip Tribal Government.*

**Tulalip Government - Finance Policy**  
**(Volume I)**  
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## **TULALIP GOVERNMENT - FINANCE POLICY** **(Volume I)**

### **1.0 General Provisions**

These policies pertain to the following programs:

- a) All of those funded by the Federal and State Grants and Contracts
- b) Tribally funded programs.

#### **1.1 Adoption**

The Tribal Government Finance Policies are adopted by, and may only be amended by, the Tulalip Tribes Board of Directors.

#### **1.2 Interpretation**

If any provision of the Finance Standard Operating Policies and Procedures conflicts with applicable Federal authority, such Federal authority shall prevail.

### **2.0 Accounting**

#### **2.1 Accounting Compliance is required by all Tribal Entities**

Tribal financial accounting for general and special revenue funds (general fund and grants and contracts) will conform to generally accepted accounting principles (G.A.A.P) as prescribed by the Government Accounting Standards Board (G.A.S.B.) Tribal financial accounting for enterprise fund operations (Business Entities) will conform to generally accepted accounting principles as prescribed by the Financial Accounting Standards Board. All Tribal financial accounting will adhere to all applicable laws and regulations. Accounting is to be construed herein to include the recording, reporting and interpreting of all Tribal financial data whether the accounting is for Management and Board information purposes or for external requirements, as in reporting to financial institutions and Government agencies.

To the extent that Tribal obligations and interests allow, differences in accounting practices among the Tribal entities will be permitted to accommodate differing business environments. However, the Tribes' over-all financial accounting system must accommodate certain requirements for consistency. These requirements stem from Tribal

Management, Government laws and regulations, and reporting obligations to Tribal members, credit grantors, and Government agencies.

### **2.1.1 Accounting Records**

Accounting records and source documents shall be maintained by the Finance Department in a manner sufficient to comply with the audit requirements of OMB Circular A-133. Records shall be kept a minimum of three years following closure of the applicable grant, or longer if there is litigation, claim, negotiation, audit or other action involving the records. As part of the on-going self-monitoring process, accounting records shall be reviewed by the CFO or designee to ensure that records are being maintained in an adequate manner in order to ensure the accurate determination of how all funds are expended.

## **2.2 Chief Financial Officer**

The Chief Financial Officer (CFO) has the authority to define how consistency in over-all financial accounting will be achieved, and to direct how uniform methods to be applied. The CFO will define those methods, which upon adoption will become part of these accounting policies.

The CFO will monitor compliance with this policy, interpret its application, and will consider any revisions that may become necessary due to changed conditions.

## **3.0 Cash Management**

### **3.1. Cash Management Policy**

The Tribe recognizes the importance of cash management to insure sufficient funds are available to pay operating expenses of operating the Tribal government and Business Entities. The Chief Financial Officer is responsible for monitoring the daily cash flow and balances of all Tribal cash funds, including investments, to provide adequate cash management.

### **3.2 Monthly Reports to be provided by the CFO.**

The CFO will provide to the Executive Financial Officer (EFO) and to the Board for their review, the following reports:

### **3.2.1 Financial Report of Investments**

A financial report of the investments, including, but not limited to the Prepaid lease, Real estate excise tax, UBS funds, and BIA funds.

### **3.2.2 Financial Report on the Strategic Plan**

A financial report of the strategic plan that will also include depreciation reserve, cash reserve, the teen center and K-12 school.

## **3.3 Distribution of Financial Reports**

All financial reports will be distributed as follows:

### **3.3.1 Interoffice Mailing Procedures**

Financial reports will be placed into the 'Interdepartmental Delivery' envelope, and sealed with the tie string on the back side of the envelope, and addressed, in ink, with the date of mailing, and the names of the addressee and addressor. When 'Interdepartmental Delivery' envelopes are not available, a larger size manila envelope will be used. The manila envelope will contain the same information on the front of the envelope and will be sealed with tape on the back side of the envelope.

### **3.3.2 Distribution of Envelopes**

Envelopes will be delivered to the mail room for distribution to the appropriate mail boxes.

## **4.0 Audits**

### **4.1 Annual audit requirement**

Annual audits are required under both tribal and federal law. First, the Tribe's Constitution and Bylaws requires an annual audit of the Treasurer's financial records.<sup>1</sup> Also, the Federal government requires all non-Federal entities that annually expend \$500,000 or more in Federal awards to obtain an annual audit in accordance with the Single Audit Act Amendments of 1996, OMB Circular A-133, the OMB Circular Compliance Supplement and Government Auditing Standards. The Single Audit Act requires organization-wide audits, which are more cost effective

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<sup>1</sup> Tulalip Constitution Bylaws Articles 1, 4

than individual audits of multiple Tribal programs. Therefore, because the Tribe is the recipient of substantial federal funding; in order to comply with Tribal and Federal law and because single audits are most cost-effective, a single audit covering all Tribal operations and Business Entities is conducted each year.

**4.1.1** The **Finance Department** is defined as a Department of the Tulalip Government. Specific standard operating policies and procedures of the Finance Department are further defined in Appendix A of this policy.

## **4.2 Audit Standards**

Audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S. Government Accountability Office's *Government Auditing Standards* (revised 7/27/07)<sup>2</sup>, the provisions of the *Federal Single Audit Act Amendments of 1986*, and U.S. Office of Management and Budget Circular A-133, *Audits of States and Local Governments and Non-Profit Organizations*, and the *OMB Circular Compliance Supplement and Government Auditing Standards*.<sup>3</sup>

## **4.3 Auditor RFP Selection Process**

Every five years the EFO will solicit requests for proposals (RFPs) from qualified firms of certified public accountants for audit of the Tribe's financial statements. The RFP will specify that audits must be conducted in accordance with the requirements of these Policies. The auditor selection process will be conducted in a timely manner to allow the audit to be completed within the Federal audit deadline (currently September 30<sup>th</sup> of the current year for the preceding audit year.) The EFO will make a recommendation to the Board for the selection of auditors under this solicitation.

## **4.4 Audit Management Letter Report**

A management letter report, prepared by the auditors, is the product of the audit engagement and is submitted by the auditors to the Tribe at the end of the engagement. Copies of the report will be provided to the EFO and to the Board and the comments in the letter are to be used as a basis for making improvements in existing finance policies and procedures. The

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<sup>2</sup> <http://www.gao.gov/govaud/ybk01.htm>

<sup>3</sup> [http://www.whitehouse.gov/omb/financial/fin\\_single\\_audit.html](http://www.whitehouse.gov/omb/financial/fin_single_audit.html)



CFO will prepare and submit a report to the EFO and to the Board listing any recommended corrective actions to be taken by Finance Department Management, defined in this context as the CFO and Finance Manager.

#### **4.5 Exit Audits for Key Employees**

In addition to the annual audit report, exit audits will be required of key employees permanently leaving their positions. These positions include, but are not limited to, the General Manager, Executive Staff, and the CFO. These audits will be performed by an independent public accounting firm.

#### **4.6 Audit Reports**

##### **4.6.1 A Draft Audit Report will be Issued.**

The auditing firm (auditor) will issue a draft audit report to the CFO and EFO for review and discussion. After the draft audit report is received by the CFO and EFO, the following procedures will be implemented:

##### **4.6.1.1 A Preliminary Review**

A preliminary review of the report will be done by the CFO and EFO and discussed with the auditor to clear up any reporting and/or technical issues that can be readily resolved.

##### **4.6.1.2 Final Audit Report is Issued**

After the draft of the audit report has been approved by the CFO and EFO, the auditor will issue the final audit report and send the appropriate number of final reports to CFO.

##### **4.6.1.3 The Final Audit Report is Distributed**

The CFO will distribute the final report to all Board members, the General Manager, the EFO, third parties (such as banks, pursuant to written agreements), the Federal Clearinghouse, and any grantors as requested.

#### **5.0 Budget Administration**

##### **5.1 Annual Tribal Budget**

The annual Tribal budget is prepared in accordance to Section 5.4 listed below and is approved by the Board of Directors prior to the commencement of the next fiscal year.

## **5.2 Monthly Financial Report**

A monthly financial budget report of the general fund of actual income and expenses versus budgeted income and expenses and variances will be completed by the CFO and sent to the General Manager, EFO and the Board of Directors.

### **5.2.1 Accounting Classification Errors**

Any accounting classification errors should be disclosed to the CFO for correction.

## **5.3 Discrepancies in Actual vs. Budgeted Amounts**

### **5.3.1 Line Item Changes within Programs**

Program managers are responsible for the management of their respective program budget and are allowed the discretion to make line item changes in budget amounts within their own program by completing the budget transfer form with approval from the Budget Director and General Manager with the exception of the Finance Department which will require approval from the Budget Director and CFO/EFO.

### **5.3.2 Budget Changes Between Programs**

Any budget changes between programs must be approved by the program managers, Budget Director and General Manager using the Budget Transfer Form with the exception of the Finance Department which will require approval from the Budget Director and CFO/EFO.

## **5.4 The Annual Budgeting Process**

The policy for the annual budgeting process for the forthcoming year is found under the Asset Management Department's policy.

**5.4.1** Finance will receive authorized signature information directly from Asset Management.

**5.4.2** Finance will redirect unauthorized requisitions until adequate signature authority documentation is received.

## **6.0 Exclusions**

- 6.1** The Finance Department will refuse service to anyone who exhibits signs of intoxication, hostility or other potentially dangerous behavior. The Tribal Police Force will be contacted when the Finance Manager or Designee believes that safety is jeopardized.
- 6.2** Finance reserves the right to not pay for services that are not yet rendered other than exceptions pre-authorized by the CFO, Finance Manager or Designee.
- 6.2.1** Finance shall not pay or encumber payment for requisitions not meeting current Circular OMB 87 regulatory compliance standards<sup>4</sup> and current Tulalip Tribal Procurement Manual<sup>5</sup> standards including those with:
- 6.2.1.1** Insufficient Funds
  - 6.2.1.2** Incorrect general ledger account code
  - 6.2.1.3** Invalid authorization
  - 6.2.1.4** Insufficient backup, including the lack of:
    - 6.2.1.4.1** Authorized justification
    - 6.2.1.4.2** Bids, if required
    - 6.2.1.4.3** Fully signed contract if required
    - 6.2.1.4.4** Original invoices/receipts if required.
    - 6.2.1.4.5** Other items as determined by the Finance Manager
  - 6.2.1.5** Unreasonable time constraint(s)
  - 6.2.1.6** Incompletely or illegibly filled out requisitions
  - 6.2.1.8** Unallowable activities as documented by regulations in OMB Circular A-87.
- 6.2.2** The Finance Department may prioritize purchase requisition processing by order of need, as determined by the Finance Manager, and by date and time received.

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<sup>4</sup> The most current Circular OMB 87 standards as of this policy revision date can be found at [http://www.whitehouse.gov/omb/circulars/a087/a87\\_2004.html](http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html).

<sup>5</sup> The most current revision of the Tulalip Tribes Procurement Manual is available through the Asset Management Department of the Tulalip Tribes.