

The Tulalip Tribes of Washington

TRIBAL GOVERNMENT FINANCIAL ACCOUNTING POLICIES AND PROCEDURES

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TULALIP GOVERNMENT - FINANCE POLICY

Mission Statement:

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

CHAPTER 1

1. General Provisions

1.1 Introduction

The purpose of the Finance Policy and Procedures is to provide guidance, structure, and clarity to Tribal fiscal policies, acceptable accounting principles and practices, financial reporting, and internal controls procedures.

These policies will enhance the Finance staff by:

- Identify the methods for processing accounting information
- Promoting consistent application of accounting principles
- Provide guidance on preparation and issuance of financial reporting

These policies pertain to the following Tribal Government programs:

- All of those funded by the Federal and State Grants and Contracts
- Tribally funded (Hard Dollar) programs.
- All Self Supporting Programs
- Investments in Limited Partnership

1.2 Adoption

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

1.3 Interpretation

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

- Chief Financial Officer

The Chief Financial Officer (CFO) has the authority to define how consistency in over-all financial accounting methods will be achieved, and to direct how uniform methods are 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 changing conditions.

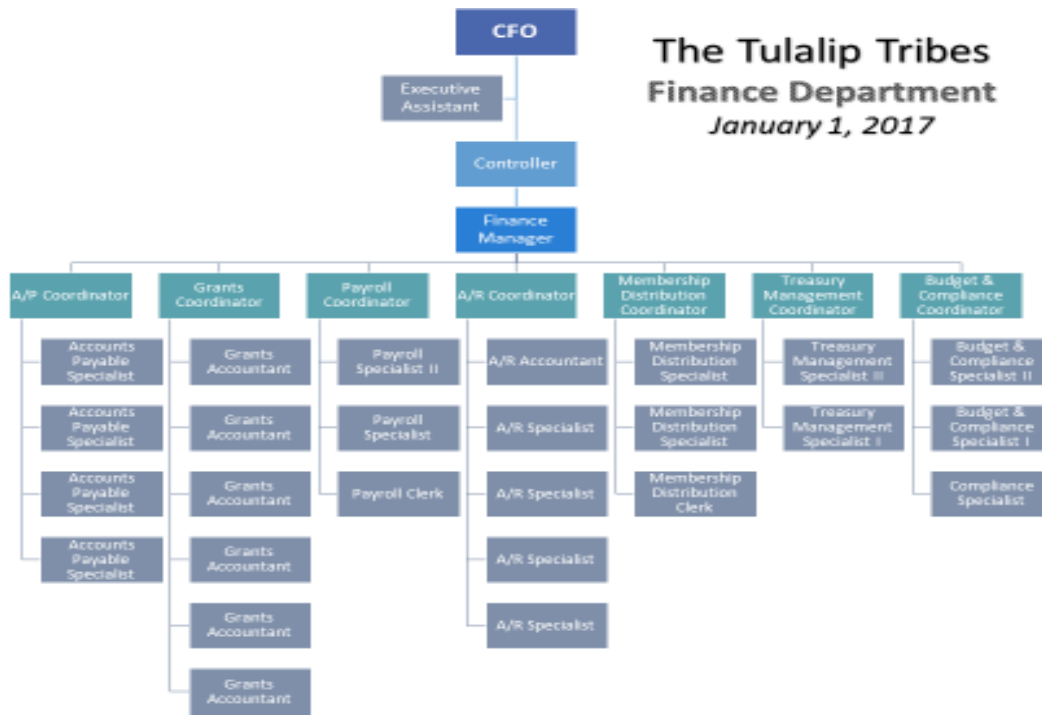
The Finance Department is defined as a Department of the Tulalip Government.

CHAPTER 2

2. Finance Department

The Tulalip Tribes Finance Department is tasked with the responsibility for the direct implementation and processing of all accounting transactions for the Tribal Government, including Accounts Payable, Accounts Receivable, budgeting, Grants and Financial Management, Membership Distribution, Payroll and Treasury Management. The Finance Department is overseen by the Chief Financial Officer (CFO).

The following is a hierarchy of positions with the Finance Department.



The Finance Department is comprised of the following Divisions:

a) Accounts Payable

Accounts Payable Division is headed by the Accounts Payable Coordinator. This Division is responsible for processing all accounts payable vendor checks, setting up new vendors, issuing purchase orders, and processing year end 1099 forms.

b) Accounts Receivable

Accounts Receivable Division is headed by the Accounts Receivable Coordinator. This Division is responsible for the collection of funds due to the Tribal Government, tracking outstanding accounts, oversight of monthly billings to all Tribal Government customer, deposit of funds, and oversight of the cashier station.

c) Finance Budget and Compliance

The Finance Budget and Compliance division is headed by the Budget Coordinator. This Division is responsible for implementation and monitoring of all Tribal Budgets. In addition, all non-grant payment requests (requisitions) are reviewed and approved by compliance for allowability within Tribal procurement policy, financial policies and procedures, proper supporting documentation, and budget availability.

d) Grants and Financial Management

The Grants and Financial Management division is headed by the Grants Coordinator. This Division performs the accounting and financial reporting for all federal and state grants awarded to the Tulalip Tribes. Additionally, the Division reviews payment requests (requisitions) for allowability in accordance with 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and *OMB Compliance Supplement*; and maintains an inventory of all grants and monitors the period of availability for such awards.

e) Membership Distribution

Membership Distributions is headed by the Membership Coordinator. Membership Distributions is responsible for processing and maintaining Tribal Member loans, Social and Welfare Distributions, and Per Capita to the Tulalip Tribal Membership.

f) Payroll

Payroll Division of Finance is supervised by the Payroll Coordinator. The Division is responsible for processing the payroll for the employees of the Tulalip Tribal Government, as well as all required yearend employee reporting, and quarterly payroll returns.

g) Treasury Management

Treasury Management is supervised by the Treasury Management Coordinator. The division is responsible for the reconciliation of all Tribal Government bank and investment accounts, monitoring cash flows, and safeguarding tribal cash.

CHAPTER 3

3. ACCOUNTING POLICIES

3.1 Compliance with Accounting Principles

Tribal financial accounting for all Fund Types (General, and Special revenue, grants, Internal Service, Proprietary, and Fiduciary) 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 the Government's Limited Partnerships will conform to generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (F.A.S.B). 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 internal use such as Management and Board of Directors information purposes or for external user and 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, financial institutions, and Government agencies.

3.2 Basis of Accounting and Presentation

The Tribes basic financial statements consist of government-wide financial statements and fund financial statements. In the government-wide financial statements, governmental activities are presented using the economic resource measurement focus and are accounted for using the accrual basis of accounting. The fund financial statements provide information about the Tribe's funds and are reported using the flow of current financial resources measurement focus.

Governmental funds are reported under the modified accrual basis of accounting. Revenues are recognized when measurable and available (collected within one year) and expenditures when the liability is incurred or matured in the case of principle and interest of general long-term debt obligations and claims and judgements. Proprietary funds and Fiduciary funds financial statements are reported using the economic resource measurement focus and the accrual basis of accounting.

- A. Fund Accounting - The Tulalip Tribes Governmental Funds are organized and tracked at the fund level (tracked as separate entities), whereas each source of funding (budgeted appropriation, federal and non-federal grant, contract) has its own set of self-balancing accounts (trial balance). Such tracking method is required per 2 CFR 200. All Federal Funds are tracked at the CFDA level.

- B. Program Accounting – Many budget appropriations and funding sources are shared among different activities and departments with specific outcomes and goals. To account for these various activities Program designations are used to track the performance for Tribal Departments and its various activities.

3.3 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 Office of Management and Budget (OMB) Circular A-133 2 CFR 200. Federal program and Federal award identification must include, as applicable, the CFDA title and number, Federal award identification number (FAIN) and year, name of the Federal agency, and name of the pass-through entity, if any. Records shall identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. 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.

3.4 Record Retention – See separate Records Retention policy governing financial records.

3.5 Internal Controls

The Tribes must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” (Green Book) issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and monitor Tribes’ compliance with statutes, regulations and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- (e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the Tribe considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

3.6 Personally Identifiable Information (PII)

The Office of Management and Budget (OMB) defines personally identifiable information as: “information which can be used to distinguish or trace an individual’s identity, such as their name, social security number, biometric records, etc. alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother’s maiden name, etc.”

Such information will be stored in secured locations at all times (locked filing cabinets), and password protected software. Such information shall not be left unattended. All PII shall be handled in a confidential manner. Additionally, Tulalip will make every effort to implement the recommendations of the OMB as follows:

- Reduce the volume of collect and retained information to the minimum necessary
- Limiting access to only those individuals who must have such access, and
- Using encryption, authentication procedures, and other security controls to make information unusable by unauthorized individuals.

3.7 Procurement

See separate Tulalip Tribes Procurement Policy.

CHAPTER 4

4. ACCOUNTING PROCEDURES

4.1 Accounts Receivables/Grant Receivables

Trade Accounts receivables shall be supported by a customer subsidiary ledger. Such ledger should be reviewed monthly to ensure reconciliation against the general ledger. A review of the Accounts Receivable Aging report shall take place no less than quarterly. Delinquent accounts shall be brought to the attention of the servicing department (Utilities, Housing, Child Care, etc.) to enforce collection efforts. A bad debt analysis shall be performed at each year end.

Grants Receivables are recognized when a grant award becomes available and measurable (modified accrual basis). Grants Receivable balances are adjusted (credited) as cash receipts from the grantor are received. Undrawn grant receivables at the expiration of the grant term shall be returned to the funding agency – an entry to reduce Grant Receivable (credit) and debit to deferred revenue shall be recorded to reflect the grant close out.

Deposits for payment on account, collection of grant receivable shall be delivered to the Cashier Window (Accounts Receivable Division) and secured at the Administration Building. All deposits are to be delivered to the bank within 24 hours of receipts.

Internal Control:

- Deposits shall be assembled by the accounts receivable specialist staff and agreed to the daily batch reports
- Accounts Receivable Coordinator or the Accounts Receivable Accountant shall review, approve, and post all batches daily.
- Accounts Receivable Coordinator or the Finance Manager shall deliver the funds to the bank for deposit. Deposit slips shall be matched with the batches upon return from the bank by the next business day.
- Bank Accounts are reconciled by Treasury Management Division.

4.2 Estimates

GAAP requires management to make use of estimates and assumptions from time to time that affect the amounts reported in the financial statements. When assessing the value of an estimate the accountant should consider:

- Historical information/trends of the transaction class (asset class, liability class, Revenue, Expense)
- Determine whether there are any comparable items of similar character that could be used as an underlying basis
- The estimate shall be adjusted to actual in the period the information becomes available
- The Tribe shall not estimate potential gains – only realized gains
- Supporting Documentation shall be retained to corroborate all estimates

- Estimates shall be presented in conformity with Generally Accepted Accounting Principles
- All significant estimates (considered material to the financial statements) shall require the review and approval of the Chief Financial Officer.

4.3 Capital Assets

Capital Assets include Land, Land Improvements, Buildings, Infrastructure, Equipment, Vehicles, and other equipment with a unit cost of \$5,000 or more and an estimated useful life of 1 year or greater. Capital Assets are Capitalized in the Fixed Asset Account Group and recorded at its historical value. Donated capital assets are recorded at their estimated fair-market value at the date of donation. Purchases of Capital Assets are expensed to the fund/program that incurred the cost (procured the purchase). Depreciation expense is recorded at the Account Group level.

Internal Control

- a) All items are tagged with pre-numbered identification tags
- b) A physical observation of capital assets is performed every two years by Asset Management Staff
- c) A reconciliation of the results of the physical observation is made to the general ledger
- d) Insurance requirements for capital assets shall be reviewed annually to ensure proper coverage

4.4 Compensated Absences (vacation accruals)

Compensated absences represents employee's unused annual leave balances. Such costs are reported as a fund liability with an offsetting charge to expense to the respective employees' department/fund/grant. Compensated absences shall be calculated based on the current rate of pay at the balance sheet date.

4.5 Deferred Revenue/Grant Receivable/Grant Revenue

Deferred Revenue represents unearned cash advances from grantors or other contract arrangements for services. Tulalip Tribes will recognize deferred revenue to the extent cash receipts from a grant or contract exceed related program expenditures. When program expenditures exceed deferred revenue a corresponding adjustment (debit) to Deferred Revenue and (credit) to Grant Revenue shall be booked. Grant Revenue shall equal Program/Grant expenditures.

Tulalip Tribes operates its grant programs (with the exception of Self Governance grants) on a cost reimbursement basis. As such, requests for reimbursement are prepared on a monthly/quarterly basis as promulgated by the awarding agency via approved OMB forms. In instances where federal funds are available on an advance basis, Tulalip shall minimize cash draws to reflect current immediate needs in an effort to minimize the time lapse between transfers of funds from the United States Treasury to disbursement by the Tribe. An

evaluation will be made at the end of the current accounting period to ensure that cash on hand equals or exceeds deferred grant revenue.

4.6 Indirect Costs

Certain grants allow for the charging of indirect costs as a representation of its proportionate share of administrative overhead costs (Indirect Cost Pool) incurred by the Tribe. Reimbursement is achieved by charging all benefiting programs using the most recent negotiated rate from the U.S. Department of the Interior or a lesser rate/amount as promulgated by the grantor. The Tribes charges indirect expense directly to the benefiting grant fund (Indirect expense g/l).

- Indirect Charges shall be recorded as indirect expense (with an offset to grant revenue) to the benefiting grants no less than quarterly. Indirect Recoveries to the general fund shall also be recognized concurrently.
- Indirect Charges shall be calculated using the allowed direct cost base and negotiated rate approved in the most recent Indirect Cost Proposal.
- Total indirect expense charged to grants shall equal total indirect recoveries (Indirect Revenue) in the general fund.

4.7 In-kind Contributions

In-kind contributions can take the form of donated services, donated assets, and/or items paid on behalf of the benefiting organization. Such activity will be expensed at its fair market value (for donated assets or donated services if the services are necessary), on behalf expenditures shall be recorded at the actual amount incurred by the payer. All in-kind contributions will have a resulting offsetting entry to In-kind revenue.

Internal Control

See Journal entry internal controls

4.8 Inter-fund Transactions (due to from)

These are transactions (also known as 'due to from') between two or more funds within the same government institution (Tulalip Tribal Government). Such transactions are considered receivables and payables and may represent internal revenue, expense reimbursements, fund additions and deductions, and inter-funds loans. Reimbursements shall be recorded as an expenditure in the reimbursing fund and as a reduction of expense in the fund to be reimbursed. All other inter-fund transfers are reported as operating transfers.

Due to from transactions shall be balanced monthly – net to zero.

Due to from obligations (inter-borrowing) shall be paid no less than quarterly.

4.9 Journal Entries – Journal entries are adjustments to account balances as either corrections, routine recognition, recurring items, and to record daily transactions.

Internal Control

- All journal entries must balance and be supported by corroborating documentation.
- Journal documentation shall be scanned into the accounting software for record.
- All journal entries shall identify the preparer and be reviewed and approved (posted) by the respective division Coordinator.
- The Chief Financial Officer shall review and approve all significant/material journal entries.

4.10 Long-term Debt – Long term debt includes bonds, notes, capital leases, and LID's (local improvement district). All long-term obligations of the governmental funds are recorded in the Long-term Debt Account Group as a liability. Principle and Interest payments are expensed in the fund that incurred the liability.

Capital Assets acquired with debt proceeds shall be recorded as an asset in the General Fixed Asset Account Group and as a Liability in the Long-term Debt Account Group.

Debts of the Proprietary funds (i.e.; Utilities and Logging) are reported in the individual proprietary fund balance sheets as a liability.

4.11 Month End Close

The finance department has a policy to reconcile month end financial activity through a process referred to as 'Month End Close'. The month end close shall include but is not limited to:

- Reconciling discrepancies in account balances
- Ensure the inter-fund transactions net to 'zero'
- Manual billing processes are recorded in the general ledger
- Manual conversion of account activity (Per Capita, Loan activity, Utility billings) from legacy software (MOM's) is recorded in the current accounting software
- Bank account activity for the period end is recorded and reconciled
- Grant Revenue recognition (revenues equal expenditures)
- All CHS check disbursements from RPMS is recorded in the current accounting software
- Indirect Expense is applied for the period ended
- Month End Close is to be completed by the 10th of each month for general (hard dollar) funds and by the 15th for grant funds.

4.12 Related Party Transactions

Related Party transactions are transfer of funds or other resources between related entities of The Tulalip Tribes. Such transactions are not considered operating (non-operating) and are reported 'below the line'. All Related Party transactions should net 'zero' across the related

entities (Tribe-wide). Related Party transactions are recorded as 'transfers' in the Tribes general ledger.

- Related Party Transactions shall be reconciled with Tribal Entities on a quarterly basis.
- Related Party transactions shall be reported on the accrual basis at year end.
- Related Party balances shall be confirmed with the respective related entity.

4.13 Year End Audit Preparation

At the conclusion of each year the Finance Department will perform a year- end review of significant account balances for reasonableness and completeness. Such procedures include but are not limited to:

- Review Balance Sheet accounts for relevancy
 - Determine the collectability of accounts receivables
 - Perform an analysis of doubtful accounts
 - Prepaid Expense – review and adjust for balance sheet date
 - Ensure that due to/from accounts reconcile and net to 'zero'
 - Accounts Payables are supported by an aging schedule
 - Related Party Receivables and Payables are reconciled with related entities
 - Update Compensated absences to support year end available annual leave
 - Asses the need to record accrued Wages
 - Capital Assets and Long-term Debt are properly recognized
 - Investigate negative (credit) asset balances, investigate positive (debit) liability balances
- Cash to Accrual entries (GAAP)
 - Review significant subsequent receipts subsequent to year end to determine proper posting period
 - Review significant cash disbursements subsequent to year end to determine proper posting period
- Income Statement
 - Indirect Expense is analyzed and fully recognized. Indirect Expense and Indirect Revenue equal (net to zero).
 - Capital Expenditures agree to capital additions in the GFAAG
 - Principle and Interest Payment expenses; proceeds of debt agree to the change in GLTD
 - Grant revenue equals grant expense. Deferred Revenue agrees to available budget at year end. Expired grants are properly written off.
 - In-kind/matching expense is recognized
- Trial Balance – balances by fund, balances in totality

4.14 Year End Close – Accounting Software

At the conclusion of each audit, the accounting software shall include all auditor proposed adjusting journal entries, and the general ledger shall be reconciled to the audited financial statements. The closing of the accounting software (audit year) shall take place within one month after receipt of the final issued Tulalip Tribes – Governmental Departments Audit Report.

See X drive for Step-by-Step instructions to close the fiscal year.

CHAPTER 5

FINANCIAL REPORTING

5.1 Financial Reporting

The goal of the Tulalip Tribes Finance Department is to provide accurate and timely financial statements to its users (Membership, Board of Directors, Executives, and funding agencies) to aid in responsible decision making.

The CFO will provide financial reports to Upper Management (Tribal Government General Manager, Director of Office of Management and Budget,) and to the Board of Directors for their review.

Monthly Financial Reports to be provided by the CFO:

- Financial Report of Investments
 - A financial report of the investments, including, but not limited to:
 - UBS funds
 - BIA Trust Accounts
 - Well Fargo Investments
 - Super Trust Fund (EPA/Big Flats)

- Budget vs. Actual Income Statements
 - Revenue and Expenditure Reports – Governmental Funds
 - Revenue and Expenditure Reports – Enterprise Funds (Proprietary)
 - Revenue and Expenditure Reports – Internal Service Funds
 - Revenue and Expenditure Reports – Fiduciary Fund
 - Strategic Plan Construction Projects
 - Life to date reporting
 - Year to Date reporting

Budget vs. Actual reports (internal reports) are not necessarily prepared in accordance with GAAP, but rather on a budgetary or cash basis. Year End reports (final) shall be presented in accordance with GAAP.

5.2 Distribution of Financial Reports

All financial reports shall be presented Monthly to the Board of Directors by the CFO.

CHAPTER 6

PAYROLL

The Finance Department processes all payroll for the employees of the Tulalip Tribal Government.

6.1 Employee Set Up and Termination

Only the Human Resources Department may set up/create new employees and their rate of pay in the payroll module. Only Human Resources may terminate employees in the payroll module. Payroll staff will be granted access to create all calculation entries necessary to prepare for payroll processing.

6.2 Timesheets/Payroll Processing

Tulalip payroll is processed on a bi-weekly schedule and time for hours worked is paid in arrears. The pay period (or work period) shall start on each Sunday and end each Saturday (bi-weekly basis). Payroll shall be dated and made available on the 6th day after the bi-weekly pay period end. Manual payroll checks and direct deposit remittances are distributed by Human Resources.

Timesheets are due Monday at noon in Finance on payroll distribution week. All timesheets submitted to Finance shall identify the number of hours worked, the signature of the Supervisor, and employee signature (if available). For employees paid in whole or in part with grant funds, the time reporting requirements (time activity reporting) of 2CFR 200.430, *Compensation Personal Services*, shall be followed. Time and leave slips not turned in on time to make payroll will be added to the next bi-weekly payroll check. Timesheet and leave slip deadlines may change due to a payroll check date falling on a Holiday, such changes will be announced in advance by the Finance Department.

Discrepancies noted in your paycheck shall be submitted in writing to employee's immediate supervisor and Payroll as soon as discovered but no later than ninety (90) calendar days after issuance of the payroll check. Payroll shall investigate and notify the employee of its findings in writing within thirty (30) days. Payroll shall review discrepancies brought after ninety (90) days in extenuating circumstances.

At the conclusion of payroll processing, the Payroll Division shall deliver to Finance Upper Management (CFO, Controller, or Finance Manager) the General Ledger Proof for funding payroll.

6.3 Payroll Deductions

All employees of the Tulalip Tribes Government are required to complete form W-4 (Internal Revenue Service (IRS)) as this form will be used to determine the amount of federal taxes to withhold from your paycheck. Those employees who fall under the provision of I.R.C 7873 (Income Derived by Indians from exercise of fishing rights) shall complete form W-4 and mark as "exempt per IRC 7873", and such claim for exemption shall be verified thru Human Resources that such persons met the qualifications for exemption. See www.irs.gov I.R.C. 7873 for full content.

Payroll taxes will be calculated in accordance with current IRS Publication 15, *Circular E Employers Tax Guide*.

Other Payroll deductions may be made from your payroll check such as (but not limited to); debts owed to the Tribe, insurance premiums, 401 (k) deferrals, and Garnishments. In the event that insufficient funds are available from wages, the deduction will be withheld.

6.4 Salary Advances/Early Release Checks or Draws

Salary Advances (included early releases and draws) are limited to two (2) per calendar year.

6.5 Direct Deposit

Direct Deposit is offered to all Tulalip Tribal Government Employees to have their bi-weekly paycheck automatically deposited into their bank account. Direct Deposits are available from the Payroll division. Direct Deposit begins the second pay period following your enrollment.

6.6 Paid Leave

See Tulalip Tribal Government Employee Handbook, Section O.

6.7 Separation of Employment – Final Paycheck

See Tulalip Tribal Government Employee Handbook, Section N.

6.8 Quarterly Reporting

Payroll Division shall timely file IRS Form 941, *Employers Quarterly Federal Tax Return* and reconcile to the quarterly wage report in Munis. Form 941 is due the last day of the month subsequent to the previous quarter ended. The Payroll Division shall also file the quarterly Unemployment Report to Washington State's Employment Security Department. This report can be filed online using the SAWS access. All reporting shall be reviewed by the Controller and CFO.

6.9 Year End Processing

Each year end the Payroll Division will prepare and print for distribution yearend tax forms W-2. Such forms shall be made available and mailed to all employees no later than January 31st of each year. Payroll Division shall also timely file the employers Tax Form W-3 electronically along with the accompanying electronic W-2 file to Social Security Administration by the published mandated deadline.

6.10 Payroll Processing Procedures – Munis System

See separate Standard Operating Procedures (SOP) for step-by-step payroll processing in Munis. The SOP is located on the Finance shared drive (X drive).

CHAPTER 7

ACCOUNTS PAYABLES

Requisition Entry (Request for Payment)

The Tulalip Tribes uses the Munis paperless electronic Request for Payment known as Requisition Entry. Requisition Entry is part of the Accounts Payables module of Munis where an electronic request for payment (check) can be made. Requisition Entry is a logical application that uses a 'work flow' to obtain electronic approvals.

7.1 Requisition Entry

All Departments of the Tulalip Tribes are to use Requisition Entry to request payment for their vendors and to make a request for purchase orders. Each Department shall have staff available to make requests on behalf of their respective department. Generally, all requisitions should contain and be accompanied by the following:

- When making a check request, enter '100' in the department field. For purchase orders enter your department number.
- All requests should identify the general ledger account (GL) to be charged.
- There should be available funds for the designated GL account number to be used. If there are insufficient budget funds available, follow the procedures outline in Chapter 8 Budget Modifications – Monitoring.
- Supporting Documentation – invoices (for payment), quotes (for purchase orders), receipts (for reimbursement), etc. Documentation shall always be scanned when practical to do so. Otherwise a paper copy (preferable original) must be submitted to Finance Compliance Division in order to process payment. Paper copy (hard copy) shall be delivered to finance Compliance within 48 hours of the electronic request.
- If submitting a paper copy, paper copy must bear the signature of the proper 'approver (s)' responsible for the department budget (GL).
- Requisition Entry (electronic request) must have all the required electronic approvals.
- The Compliance Divisions of Finance (Budget Compliance and Grant Compliance) shall be the last and final reviewers for Requisition Entry and then remit to Accounts Payables for check processing.
- Finance shall not pay or encumber payment for requisitions not meeting current 2 CFR 200 Subpart E - *Cost Principles*, applicable grant agreement and current Tulalip Tribal Procurement Manual standards.

For specific step-by-step directions for requisition entry and purchase order entry, see separate Standard Operating Procedures (SOP) for Finance Compliance.

7.2 Workflows

Workflows are a logical mechanism within the Business Rules module of Munis. Workflows are used to identify the approval hierarchy of users via funds, departments, and/or general ledger accounts. Additional parameters can be added such as monetary thresholds by approvers. Workflows shall be submitted to finance when:

- Change in department personnel entering and/or approving requisitions
- Termination or departure of staff who had access to Requisition Entry
- New Program or Grant

Workflow templates can be obtained on the Tulalip Tribes Website – Finance Department.

7.3 Purchase Orders

Purchase Orders are used to secure good or services before payment is made. Purchase Order requests are made by the user using the same process as Requisition Entry. When entering a request for a purchase order the user should enter their 'Department' number. Purchase orders are available for pickup at the 1st floor Cashier Window at the Administration Building.

When invoices arrive that are associated with a purchase order, the invoice shall be forwarded to Accounts Payables Division (Finance Department) for payment. Accounts Payables will liquidate the purchase order (fully or partially) to make payment on the associated invoice.

For specific step-by-step directions for requisition entry and purchase order entry, see separate Standard Operating Procedures (SOP) for Finance Compliance.

7.4 Check Distributions

Checks are issued Thursdays of each week. On occasion Tulalip Finance Department will issue checks on an emergency basis with the approval of the Chief Financial Officer (CFO) or his/her designee. Checks will be mailed to the vendors/payees and purchase orders are available for pickup at the 1st floor Cashier Window at the Administration Building.

At the conclusion of each check run, Accounts Payable shall deliver to Treasury Management and electronic check register for import to the Positive Pay system. Delivery of the electronic check register shall take place prior to checks being delivered to the vendors.

7.5 Cash Disbursements Journal (update)

Accounts Payable Division of Finance shall update the Cash Disbursements Journal in Munis no less than weekly. Cash Disbursements Journal shall be delivered to Finance Upper Management (CFO, Controller, or Finance Manager). Upper Management shall ensure that accounts payable disbursements (checking account) are adequately funded by all funds that incurred expenditures.

7.6 Check Re-issues/Direct Deposit re-issues

All requests to replace a lost or stale dated check shall first be verified by Treasury Management staff that such check has not cleared (been paid) by the Financial Institution. Checks paid by the Financial Institution **shall not** be re-issued.

In keeping up with today's mobile banking applications the Finance Department shall not assume that the return of an original check implies that it has not been paid, as such checks can be deposited electronically. The return of an original check shall undergo verification thru the Financial Institution to ensure that such check has not been paid.

Waiting periods:

- Membership Checks - The wait time is approximately 7 business days. – We will allow the post office 5 business days (Monday thru Friday) to make delivery to the Tribal Members mailing address. This five (5) day period starts three (3) days prior to the check date (The day we deliver to the post office). Therefore, Stop Payments may be requested after the 3rd business day of each month.
Stop Payment Period – We shall allow up to two (2) business days for bank confirmation of a successful stop payment request.
Replacement Check – A replacement check shall be prepared the following business day after bank confirmation (for stop payment request) is received.
- Accounts Payable Checks – Tulalip will generally allow up to 5 business days for the Post Office to make delivery of the check to the vendor. After 5 business days, Treasury Management staff may issue a Stop Payment request. We will allow up to two (2) business days for the Financial Institution to confirm a successful stop payment. A replacement check shall be prepared the following business day after bank confirmation (for stop payment request) is received.
- Payroll Checks – Payroll checks are generally not mailed and are picked up internally by Department Managers. Checks that are not picked up after two weeks of issuance (check date) will be mailed. Payroll checks that have been received or lost can be re-issued after confirmation is received from the Financial Institution of a successful stop payment request.
- Direct Deposit – In the event of a failed direct deposit payment, Tulalip finance will issue a replacement check after bank confirmation of a failed Direct deposit and return of funds. A replacement check shall be issued within 48 hours after bank confirmation and return of funds.

CHAPTER 8

BUDGET MODIFICATIONS

Budget Modifications – Monitoring (Finance Compliance)

8.1 Budget Monitoring

Overall responsibility for budget monitoring shall rest with the Budget Coordinator and the CFO, both of whom will ensure that the Government is spending within authority (internal and external) and established budgets as approved by the Board of Directors. Executive Directors shall have 'first line' level of responsibility for their respective budgets (both restrictive and non-restrictive funds) and ensure appropriate spending levels and prudence in carrying out their respective program objectives.

Communication shall be made by the Budget Coordinator and or CFO to the General Manager, and if necessary the Board of Directors, regarding areas of budget concern, expenditure abuse, expiring grants (return of funds), and/or anticipated cash flow issues.

8.2 Accounting Classification Errors

Any accounting (expenditure posting) classification errors should be disclosed to the following positions for correction:

- **Federal and State Grants** - Corrections shall be submitted to the Grants Coordinator for review and approval of allowability of costs in accordance with Subpart E - *Cost Principles*. See section 8.5 for federal award requirements.
- **All other Fund Classifications**- Corrections shall be submitted to the Budget Coordinator.

Each of the above contacts shall provide specific direction (and forms) of the documentation needed to support the requested reclassification.

8.3 Discrepancies in Actual vs. Budgeted Amounts

Budget errors shall be reported to the following positions for correction:

- **Federal and State Grants** - Corrections shall be submitted to the Grants Coordinator for review and approval of allowability of costs in accordance with Subpart E – *Cost Principles*. See section 8.5 for federal award requirements.
- **All other Fund Classifications**- Corrections shall be submitted to the Budget Coordinator.

Each of the above contacts shall provide specific direction (and forms) of the documentation needed to support the requested reclassification.

8.4 Line Item Changes Adjustments within a single Program (Budget Transfers)

Program managers are responsible for the management of their respective program budgets and are allowed the discretion to make line item transfers within a single budget appropriation by completing the budget transfer form with approval from the Budget Coordinator and the respective program manager.

8.5 Line Item Adjustments among Federal and State Awards

Line items adjustments between different programs with different Federal Award Identifier Numbers (FAIN) is not permitted, unless the nature of the transaction supports the objective of the grants involved and an appropriate allocation of cost can be reasonably determined. All line items adjustments among federal and state awards must be approved by the Finance Department Grants Coordinator and the CFO.

8.6 Budget Transfers Between Different Programs

Any budget transfers between different programs must be approved by the respective Executive Director, Budget Coordinator, and General Manager using the Budget Transfer Form.

8.7 Budget Transfers among Federal and State Awards

Budget transfers between different grants with different Federal Award Identifier Numbers (FAIN) is not permitted, unless the nature of the transaction supports the objective of the grants involved and an appropriate allocation of cost can be reasonably determined. All transfers among federal and state awards must be approved by the Finance Department Grants Coordinator and the CFO.

CHAPTER 9

ANNUAL BUDGETING PROCESS

9.1 Annual Tribal Budget

The annual Tribal budget is prepared as stated below and is approved by the Board of Directors prior to the commencement of the next fiscal year.

The Tulalip Tribes Annual budgeting process shall begin no later than August of each year. The Budget Coordinator in concert with the OBFM, General Manager and CFO (The Budget team) shall determine the budget calendar, and schedule all preliminary division budget meetings. A final budget is to be presented to the Board of Directors for approval prior to the start of the next fiscal year. The budget process shall be implemented as follows:

9.2 Preliminary Budget Meeting with Tulalip Resort Casino (TRC)

- The Budget Team shall meet with the CFO and General Managers of the Tulalip Resort Casino, Tribal Government, and Quil Ceda Village to determine estimated distributions to be made available for the next fiscal year.
- The Budget Team shall then prepare Pro-forma budgets for all divisions supported by hard dollars based upon expected distributions from TRC unless funded by grants or other funding sources.

9.3 Preliminary Division/Department Budget Meetings

- The Budget Coordinator shall prepare Budget Templates to be used by all division/department of the Tulalip Tribal Government. Such templates shall include:
 - A line item budget presentation indicating prior year dollars expended
 - A line item budget (Pro-forma) for Proposed Budget based upon a calculation of the following:
 - Prior year actual expenditures
 - Available distributions from TRC.
 - Remove any “one-time” special appropriations from previous year expenditures
 - A line item budget for Department Request
Budget Request completed by the Department. The requesting department should have available support for large/unusual, and one-time budget requests (requests that exceed the pro-forma budget).

9.4 Budget Meeting (Upper Management)

A review of the completed budget template shall take place with the Budget Team and the requesting department. The Budget Team shall determine whether or not sufficient funding is available to support the department's overall request.

9.5 Budget Review

The Budget Coordinator shall aggregate all budget requests and compare to total estimated revenue sources and make recommendations to the Budget Team for achieving a 'Balanced Budget'.

9.6 Budget Presentation

Once the Budget has been aggregated and reviewed by the Budget Team a presentation to the Board of Directors shall be scheduled in conjunction with all related Tribal Entities. A Tribe –Wide budgeting process shall take place for the next year's operating and capital expenditure budgets and shall be approved by the Board of Directors prior to the current yearend.

CHAPTER 10

INDIRECT COST POOL

10.1 Purpose

The Tulalip Tribes uses an Indirect Cost Pool to account for all administrative costs. Currently designated as fund 1900.

10.2 Fund Structure and Cost Categories

The Indirect Cost Pool includes several items of expense that are not directly identified with a single cost objective, source, or an expenditure where allocation of such costs is not easily allocable. Such an item of cost does not qualify as a direct cost. In summary, indirect costs are those costs that are not specifically identified with a project, department, or funding source. Indirect costs are costs that are incurred for a common or joint purpose whereas more than one project, department, or the Organization as a whole benefit's. These costs are typically grouped together to form an 'Indirect Cost Pool'. Such costs include, but are not limited to:

- Overhead Cost: Rents, Utilities, Telephone, General Liability Insurance
- General and Administrative: Human Resources, Finance, Adm. Secretarial, Custodial, etc.
- Audits
- General /common area amenities: office supplies, office equipment

The Tulalip Tribes categories and group's these items of expenses in Fund 1900 – entitled Indirect Cost Pool.

The Indirect Recovery for the Indirect Cost Pool is collected through charges to the federal grants (as an Indirect expense to the grant award) using the most recently approved indirect cost rate negotiated with the IBC (Interior Business Center). This recovery of Indirect Revenue is included in the General Fund operating budget.

See U.S. Department of the Interior (Interior Business Center or IBC) for instruction, policy, and templates to prepare an Indirect Cost Proposal. Proposals are to be submitted annually and are due 6 months prior to the commencement of the applicable rate year. www.doi.gov/ibc/services/finance/indirect-Cost-Services/Indian-tribes.

CHAPTER 11

Cash Management

11.1 Cash Management Policy

The Tribe recognizes the importance of cash management to insure sufficient funds are available to pay operating expenses of 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.

Federal Awards/Cash Management Rule - Tulalip Tribes operates its grant programs (with the exception of Self Governance grants) on a cost reimbursement basis. As such, requests for reimbursement are prepared on a monthly/quarterly basis as promulgated by the awarding agency via approved OMB forms. In instances where federal funds are available on an advance basis, Tulalip shall minimize cash draws to reflect immediate needs in an effort to minimize the time lapse between transfers of funds from the United States Treasury to disbursement by the Tribe.

11.2 Investment Policy – See separate policy.

11.3 Bank Reconciliations

Bank reconciliations are to be performed on a monthly basis for all cash and investment accounts held under the name of the Tulalip Tribes of Washington. All reconciliations are due in accordance with the Month End deadline as noted in section 4.11. All reconciliations of bank accounts are to be posted in the Finance Department shared drive (X drive) and available for review and inspection by the Finance Manager, Controller, or CFO.

All outstanding reconciling items shall be reviewed and investigated for validity, re-issuance, or voided. Outstanding items greater than 6 months old shall be considered stale checks for voidance and/or remittance of funds for 3rd party vendors to the Washington State Unclaimed property fund, and for Tulalip Tribal Members deposit of stale dated checks into the Unclaimed Membership checking account.

For specific step by step reconciliation processes, see individual Standard Operating Procedures (SOP) – Treasury Management, in the Finance Department shared Drive.

11.4 Fraud Prevention/Positive Pay

The Tulalip Tribes utilizes a financial institution application known as Positive Pay. Positive Pay is a system that detects fraudulent checks at the point of presentation for payment at a financial institution. The system matches the contents of the physical checks to the electronic

check register imported by the payer – the system rejects those checks that are not an exact match to the client/payer electronic check register.

The Treasury Management Team shall perform the following procedures:

- At the end of each business day to obtain an electronic check register from Accounts Payable.
- Electronic Check register shall be imported to the financial institution's website the same day checks are prepared. Ideally, the electronic import shall take place before checks are delivered to the vendors.
- Treasury Management shall timely respond to all bank inquiries regarding questioned checks as to their authenticity. Checks considered fraudulent shall be made known to the financial institution and the CFO. Treasury Management shall keep a file of fraudulent checks on the finance department X drive.

CHAPTER 12

AUDITS

Financial Statement audits are to be performed in accordance with generally accepted auditing standards and, the standards applicable to financial audits contained Government Auditing Standards issued by the Comptroller General of the United States. Compliance audits are performed in accordance with Government Auditing Standards and the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect over the Tribes' major federal programs.

12.1 Annual audit requirement

Annual audits are required under both tribal and federal law. The Tulalip Tribe's Constitution and Bylaws requires an annual audit of the Treasurer's financial records. The Federal Government requires all non-Federal entities (including Indian Tribes) that annually expend \$750,000 or more in Federal awards to obtain an annual audit in accordance with Title 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

12.2 Other audits

The Chief Financial Officer will ensure that other Tribal Affiliated entities are properly evaluated for audit requirements. Other Tribal Affiliated Entities that currently require an audit:

- Tulalip Tribes Limited Partnerships 1,2 and 3
- Tulalip Tribes Minor's Trust
- 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.

12.3 Audit Committee

The responsibilities of the Audit Committee shall include:

- Review of the request for proposals
- Meet annually with the independent auditors with the various reporting entities when engagement letters are presented and when finalized audit report drafts are rendered prior to issuance;
- Review management letters and management comments to each report to insure improvements are implemented;

- Meet periodically with the internal auditors on final drafts of internal audit reports to assure that internal control and other process improvements are implemented;
- Review forensic auditors reports and other reports of agreed upon procedures to assure that the improvements recommended and approved by the Board are implemented and
- Review and assess annually the Cyber Security plan and operations of our Information Technology departments

12.4 Auditor Request For Proposal (RFP) Selection Process

Every three years the Office of Budget and Financial Management 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. In requesting proposals for audit services, the objectives and scope of the audit must be made clear and the non-Federal entity must request a copy of the audit organization's peer review report which the auditor is required to provide under GAGAS. Factors to be considered in evaluating each proposal for audit services include the responsiveness to the request for proposal, relevant experience, availability of staff with professional qualifications and technical abilities, the results of peer and external quality control reviews, and price. The auditor selection process will be conducted in a timely manner to allow the audit to be submitted to the Federal Audit Clearing House no later than 9 months after the fiscal year end or 30 days after receipt of the audit report, whichever is earlier. The Office of Financial Management and Budget and the Audit Committee will make a recommendation to the Board of Directors for the selection of auditors under this solicitation.

12.5 Audit Reports

a) Draft Audit Report will be Issued

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

- i. A preliminary review of the report will be done by the CFO and discussed with the auditor to clear up any reporting and/or technical issues that can be readily resolved.
- ii. The CFO will also ensure that the audited financial statements reconcile to the general ledger. The CFO will also ensure that any recommended audit adjustments that are considered material to the financial statements are posted into the Tribal Government accounting software.
- iii. The CFO shall also review the Schedule of Findings and Questioned Costs for its accuracy. The CFO shall communicate all grant findings to the respective

Executive Director for corrective action. The responsible Executive Director shall draft the required Corrective Action Plan in accordance with A-133.

- iv. After a completed review of the draft audited financial statements, the CFO and OBFM shall present the draft report to the audit committee for discussion and recommendation to finalize the report.

b) Final Audit Report is Issued

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

The CFO will distribute the final report to all Board members, the General Manager, Office of Management and Budget, third parties (such as banks, pursuant to written agreements), the Federal Audit Clearinghouse, and any grantors as requested. The Tribe may opt not to authorize the FAC to make the reporting package publicly available on a Web site, by excluding the authorization for the FAC publication in the statement described in 2 CFR 200.512(b). If this option is exercised, the Tribe will be responsible for submitting the reporting package directly to any pass-through entities through which it has received a Federal award and to pass-through entities for which the summary schedule of prior audit findings reported the status of any findings related to Federal awards that the pass-through entity provided. Unless restricted by Federal statute or regulation, if the Tribe opts not to authorize publication, it shall make copies of the reporting package available for public inspection.

12.6 Audit Management Letter

At the conclusion of the audit, the auditors will prepare a Management Letter report that contains a list of recommendations for areas needing improvement, both financial and non-financial. Copies of the report will be provided to the CFO, General Manager, Office of Budget and Financial Management, and to the Board of Directors. The recommendations in the Management Letter are to be used as a basis for making improvements in all existing policies and procedures of the Tulalip Tribes, provided the recommended improvements are cost effective.

12.7 Audit Presentation

The CFO shall inquire with the Board of Directors regarding the need for a presentation of the current year audit results by the Independent Public Accounting firm.

