



# MANDAN, HIDATSA, & ARIKARA NATION

*Three Affiliated Tribes • Fort Berthold Indian Reservation*

HC3 Box 2 • New Town, North Dakota 58763-9402

TRIBAL BUSINESS COUNCIL  
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## MINUTES OF

### SPECIAL TRIBAL BUSINESS COUNCIL MEETING

WEDNESDAY, APRIL 05, 1995, 01:58 P.M.

#### I. CALL MEETING TO ORDER & PRAYER.

Meeting called to order by Chairman Russell D. Mason, Sr.  
Moment of silent prayer.

#### II. ROLL CALL.

Executive Secretary Daylon Spotted Bear called roll as follows:

1. Councilman Hall	Present
2. Councilman Fast Dog	Present
3. Councilman Fox	Present
4. Chairman Mason	Present
5. Councilman Spotted Bear	Present
6. Councilman Gillette	Absent
7. Councilman Johnson	Absent

Five members present, two members absent. Quorum established.

D. Employees Present: Consultant David Brendsel, TPA John Danks, TPM Ed Lone Fight, Sergeant at Arms C.J. Packineau, Recording Secretary Marian Spotted Bear, Buffalo/CRP Manager Frank White Calf, Natural Resources Administrator Kyle Baker, Todd Hall, Frank Henry, Harley "Texx" Lone Bear.

E. Others Present: Joseph Eve, Auditor.

#### III. APPROVAL OF AGENDA.

Treasurer Mark Fox had requested the Special Meeting. He established the agenda items, as follows:

- A. Final Audit of Joseph Eve & Company for 1993.
- B. 1994 Audit for Three Affiliated Tribes.
- C. Resolution on Delegate to Intertribal Monitoring Association (ITMA) on Trust Funds.
- D. Resolution on Funding Proposal for Buffalo Project.

APR 5 1995

Secretary Spotted Bear said he had a request for approval of a resolution for the MR&I Project, as follows:

- E. Resolution on Memorandum of Agreement (MOA) for Bureau of Reclamation (BOR) re Phase II of MR&I.

Motion was then made by Mark Fox to approve agenda, as indicated. Motion was seconded by Daylon Spotted Bear.

VOTE: Unanimous. (5 for, 2 absent)  
Motion Carried. Agenda Approved.

#### IV. NEW BUSINESS.

- A. 1993 Audit Report from Joseph Eve.

Mr. Joseph Eve of Joseph Eve & Company, Auditors for the Three Affiliated Tribes, was present to give a verbal report to the council on the 1993 audit results, and to answer any questions the council may have. For the most part, the irregularities found by the auditors involved non-federal dollars, i.e., were tribal funds. Mr. Eve stated where there are federal dollars involved in irregularities, federal agencies may decide to follow up. The entire audit report should be given to the federal people.

Mr. Eve stated he would add additional explanation in his report that these were mostly tribal dollars, and not federal dollars, so that, Hopefully, there would be no ill effect on the tribes' federal programs.

Mr. Eve then went through the final audit, page by page, with the council, and answered all questions that were raised by the councilmembers. The tribes' have a negative fund balance deficit of \$1,136,759.00. The cumulative effect of this is that the tribes have overspent 5.1 million plus, primarily over the last three years.

The tribes' General Fund had revenues of \$3,642,015.00 and expenditures of \$6,791,960.00, which gives a deficit of \$3,149,945.00. Loan proceeds borrowed at \$2,142,733.00; Operating Transfers In of \$967,366.00 from other funds, and Transfers Out at \$341,000.00, which gives total financing sources of \$2,769,099.00. (Transfers In minus Transfers Out added to Loan Proceeds. Examples of Transfers Out are transfers made to other funds, or transfers from general fund into special revenue funds, or to one of the enterprise funds.)

APR 5 1995

After you take those other financing sources and combine them with excess of expenditures over revenues, we have a deficit of \$3,380,000.00, beginning fund balance of \$755,000.00, which gives a cumulative fund balance deficit of \$1,136,000.00. The Special Revenue Funds are fairly equal to expenditures, for the most part, since these are grant and contract funds.

Mr. Eve stated the Tribes' Accounting Department is not up to date, so it is virtually impossible, at this time, to be comparing budgetary data to actual expenditures, and get any valid results. There are no accounting balance methods and reports generated in the Tribal Finance Department on a timely basis. Mr. Eve said we need to get the September 30, 1994, figures brought up to date as quickly as possible, since September 30, 1995, is in the not-too-distant future.

Mr. Eve suggested that after we are caught up through the end of 1994, we conduct a day-long workshop and do a detailed review of the financial shape of each one of the tribes' programs.

Deferred Revenue, which is where the tribes have received more than we have earned or expended, is 1.8 million for Department of Interior; of which 1.2 million is for MR&I, 339 thousand for BOR, 151 thousand for Roads & Maintenance, 102 thousand for Transportation Planning, and 101 thousand for Social Services, including others that are all under a hundred thousand.

NOTE: Meeting recessed at 2:35 p.m., reconvened at 2:55 p.m.

Program receipts for federal programs total \$8,172,092.00; and total expenditures for federal programs total \$8,403,046.00. The tribes had a total balance of \$2,057,000.00 total deferred revenue, (received but not expended) and \$842,866.00 that is receivable, i.e., that has been expended, but has not been reimbursed, which would net out to 1.2 million.

In the General Requirements Finding Section, Cash Management, the tribes have drawn down in excess of what has been expended. There has also been an untimely filing of reports (269's) to the Bureau.

There was no system in place to monitor sub-recipients of the CDBG Grant Program, i.e., there was no monitoring of fund expenditures by TAT of CDBG funds given to segments. Audits should have been performed.

APR 5 1995

There were some problems with compliance issues in Social Services, Head Start, and WIC Programs, which will require a response.

There were some findings on Contract Labor Costs. Mr. Eve said the Internal Revenue Service is cracking down on the contract labor issue, and is taking a hard look at this. There were several individuals that received contracts for providing services to the tribes during the year. This may be an issue the tribes will have to deal with in the future. It was mentioned that councilmembers do not have to have FICA taxes withheld on their wages.

Material weaknesses found were early and/or manual payroll checks; cash reconciliation and outstanding checks; blank loan agreements; lack of encumbrance accounting, i.e., when you issue a purchase order to make a purchase, which would show that purchase as being an encumbrance against the budgeted line item, and certification that goods and services have actually been received.

Some Administrative control weaknesses were distribution of paychecks; monthly statements received from vendors not being reconciled to individual invoices all the time when they are being paid; and internal control policies and procedures not being followed by some councilmembers and key staff.

Bank reconciliation is not being reconciled to the computerized general ledger cash accounts in a timely manner. This is considered to be critical, and should be brought up to date as quickly as possible.

Notes Payable Subsidiary Ledgers are not being maintained on notes payable and the general ledger adjusted to reflect current and/or correct balances. Management Financial Reports, due to cash accounts and general ledger not being reconciled on a timely basis, are going to be somewhat or totally misstated.

American Express Card charges and MasterCard charges with no accompanying documentation. This will have to be followed up in an effort to retrieve all necessary documentation. Close out of travel advances was also a problem. Gaming Commission accounting records and payroll tax issues for gaming checks was also mentioned.

Several balance sheet accounts for receivables and liabilities had the same balance in September 30, 1993, as they did in September 1992; obviously, these accounts are not being reconciled, and no transactions are being posted to them. Accounts Payable and Accrued Expenses were not all recorded. Cash Management Accounting is not being done.

Mr. Eve said appropriate action needs to be taken to get timely reports and to put things back on track. He said he believed the Tribal Business Council knew, and was aware of, what had to be done. Chairman Mason felt that we needed to get something on the irregularities for 1994. Mr. Danks said he felt the tribes needed to formulate a plan, and meet with the lead agency on this audit.

Mr. Frank Henry from TAT Finance was asked to come into the meeting, as council wished to discuss how soon Mr. Eve could begin the 1994 Audit. Mr. Danks said if we don't get an audit sooner than May 21st, we would be putting our indirect cost rate at risk; and, at the latest, we should have one by June 1st.

Frank Henry said he felt that the tribal records were enough so an audit could be made. Mr. Eve said he would commit the resources to the audit for 1994.

Chairman Mason asked for action by the council to allow Mr. Eve to move forward with the audit for 1993. Mr. Eve said he would get something faxed to Mark Fox within the next couple of days regarding a statement to accompany the audit. He also said there was a balance of \$12,395.00 that was still owed to Joseph Eve and Company.

Mark Fox made a motion for approval of the finalization of the 1993 audit, and the information that has been produced by Mr. Joseph Eve, subject to final approval of those amendments or possible changes that were mentioned, as well as the inclusion of the information in the irregularities report. Seconded by Daylon Spotted Bear.

Discussion: Chairman Mason asked Mr. Eve when we could expect a response to the amendments, and Mr. Eve said he would have it faxed by Friday afternoon, at the latest. (April 7, 1995)

Vote: Unanimous. (5 for, 2 absent.)  
Motion Carried.

APR 5 1995

Chairman Mason then asked for a motion for the 1994 Audit.

Mark Fox made a motion that the council approve of Joseph Eve & Company to conduct the 1994 Audit, and that we reflect the changes on the document that is going to be signed, amend those by striking "95" and "96". Seconded by Mr. Edwin Hall.

Discussion: Chairman Mason inquired about a timeline for the 1994 Audit, whether this would be the irregularities or a full audit by June 1st, 1995. Mr. Eve said he felt the financial compliance audit was more important than the irregularities audit, and this would be the top priority, and then they would follow up with the irregularities shortly thereafter.

For clarification on Joseph Eve & Company only doing the 1994 Audit, as motioned by Mark Fox, Chairman Mason thought an informal discussion with Mr. Eve regarding the 1995 and 1996 Audits could be held later. Mr. Lone Fight said, in view of the fact that the loans the tribes were seeking depended on the 1994 Audit, and possibly even the 1995 Audits, he felt this signified the urgency of completing these audits. Mr. Eve said this was understood by Joseph Eve & Company.

Chairman Mason called for the vote on the motion.

Vote: Unanimous. (5 for, 2 absent)  
Motion Carried.

Chairman Mason requested that Mr. Eve get together with Finance on an Action Plan for the 1994 Audit. The Management Letter for representation of the 1993 Audit was presented by Mr. Eve for signature by Chairman Mason and Treasurer Mark Fox.

V. APPROVAL OF RESOLUTIONS.

A. Indian Trust Management Association (ITMA)  
Appointing Tribal Delegate.

Mark Fox presented resolution appointing Mark Fox as delegate member to the Indian Trust Management Association. Daylon Spotted Bear made the motion to approve, seconded by Edwin Hall.

Vote: Unanimous. (5 for, 2 absent)  
Motion Carried.  
RESOLUTION NO. 95-077-DSB

APR 5 1995

B. Buffalo Funding Proposal.

Asking for Operating Funds for 1995. An "open" resolution to allow the Buffalo Project to seek funding of \$165,000.00 each year from 1st International Bank of Watford City for the next five years for project and facilities improvement and other area operating expenses.

Mark Fox made a motion to approve the resolution, subject to the following changes and amendments:

Change "years" to "year 1995" and delete "2000".  
Add "Shall not exceed amount of \$165,000.00 for operating years."

Motion seconded by Daylon Spotted Bear.

Vote: Unanimous. (5 for, 2 absent)  
Motion Carried.  
RESOLUTION NO. 95-078-DSB

Further Discussion: There are three individuals that work with the Buffalo Project, whose salaries are being handled by the tribes. The tribes will continue paying the salaries of two individuals, and the third individual position will be paid/covered under the operating capital of the Buffalo Project, i.e., the Buffalo Project will take care of one position and the tribes will continue to take care of the other two positions. Kyle Baker said the Game & Fish Office has been paying for two of the positions, but these positions have to be removed from the Game & Fish Budget, which is a 638 Contract.

C. Memorandum of Agreement for Bureau of Reclamation, to Accompany BOR's Cooperative Agreement.

Resolution being requested by BOR to accompany their Cooperative Agreement for Phase II of MR&I.

Motion to approve by Daylon Spotted Bear, seconded by Edwin Hall.

Discussion: Mr. Harley "Texx" Lone Bear explained that this is to conduct a study to get Phase II going. Phase II is water distribution for the whole reservation. He said Phase I is the water treatment plants.

Vote: Unanimous. (5 for, 2 absent)  
Motion Carried.  
RESOLUTION NO. 95-079-DSB

APR 5 1995

VI. ADJOURN.

Motion to adjourn was made by Daylon Spotted Bear.  
Motion seconded by Edwin Hall.

Vote: Unanimous. (5 for, 2 absent)  
Motion Carried.

Meeting adjourned at 4:37 p.m.

NOTE: Due to this being a special meeting, with no  
agenda, no minutes were approved at this meeting.

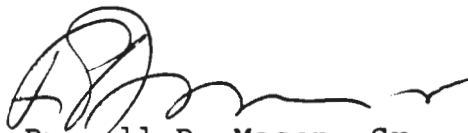
Minutes recorded, transcribed, and submitted to council for approval  
on May 01, 1995 by Marian Spotted Bear, Recording Secretary.

DATE MINUTES APPROVED & ACCEPTED BY TRIBAL BUSINESS COUNCIL: June 14, 1995

ACCEPTED:

*Daylon Spotted Bear*  
Daylon Spotted Bear  
Executive Secretary  
Tribal Business Council

ATTEST:

  
Russell D. Mason, Sr.  
Chairman  
Tribal Business Council