

**Little River Band of Ottawa Indians**

375 River Street  
Manistee, MI 49660  
(231) 723-8288

**Resolution # 03-0611-162**

*Adoption of Audit Ordinance, # 03-100-08, and Amendment of Budget and Appropriations Ordinance, #02-100-04*

WHEREAS, the status of the *Gaá Čhíng Ziibi Daáwaa Aníshinaábek* (Little River Band of Ottawa Indians) as a sovereign and Treaty-making power is confirmed in numerous treaties, from agreements with the initial colonial powers on this land, to various treaties with the United States; and

WHEREAS, the Little River Band of Ottawa Indians (Tribe) is descended from, and is the political successor to, the Grand River Ottawa Bands, signatories of the 1836 Treaty of Washington (7 Stat. 491) with the United States, as reaffirmed by federal law in P.L. 103-324, enacted in 1994; and

WHEREAS, the Tribe adopted a new Constitution, pursuant to a vote of the membership on May 27, 1998, which Constitution became effective upon its approval by the Assistant Secretary-Indian Affairs on July 10, 1998; and

WHEREAS, the Tribal Council is authorized under Article IV, Section 7(a) to provide for the public health, peace, morals, education and general welfare of the Little River Band and its members; and

WHEREAS, the Tribal Council has identified that development of an Internal Audit Department within the Tribe is an important tool to provide oversight into the quality of financial services, processes and document and/or equipment management of the Tribe; and

WHEREAS, the Tribal Council adopted the Budget and Appropriations Ordinance by resolution 02-0829-04 which identified in Section 6 that audit responsibilities would be conducted by the Tribal Council; and

WHEREAS, the Tribal Council has identified that the authorities and responsibilities of an audit department are of sufficient importance as to require that they be identified with some specificity in an ordinance in order to provide clear direction to internal auditors and to the Tribal organization; and

WHEREAS, the Tribal Council met in December 2002, February 2003, and June 2003 in work sessions to review and make final determinations regarding the development of the Audit Ordinance and related personnel;

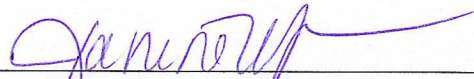
NOW THEREFORE IT IS RESOLVED THAT the Tribal Council of the Little River Band of Ottawa Indians hereby adopts the Audit Ordinance, # 03-100-08, for implementation on August 1, 2003 and that timing for required bi-annual audits as set forth in section 4.02(a) shall begin with fiscal year 2004.


IT IS FURTHER RESOLVED THAT the Tribal Council hereby directs the posting of the Comptroller General position to be filled on or before September 1, 2003.

IT IS FINALLY RESOLVED THAT the Tribal Council hereby amends the Budget and Appropriations Ordinance by striking all of Section 6 and replacing it with the following - "Section 6. [Reserved]."

**CERTIFICATE OF ADOPTION**

I do hereby certify that the foregoing resolution was duly presented and adopted by the Tribal Council with 9 FOR, 0 AGAINST, 0 ABSTAINING, and 0 ABSENT, at a Regular Session of the Little River Band of Ottawa Indians Tribal Council held on June 11, 2003, at the Little River Band's Community Center in Manistee, Michigan, with a quorum being present for such vote.

  
\_\_\_\_\_  
Janine M. Sam, Council Recorder

  
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Stephen Parsons, Council Speaker

Attest:

Distribution: Council Records  
Tribal Ogema  
Tribal Court  
Legal Department



**AUDIT ORDINANCE**  
Ordinance # 03-100-08

**Article I. Purpose; Findings**

1.01. *Purpose.* The purpose of this ordinance is to set forth the standards for conducting internal and external audits of the Tribal government, Tribal enterprises, and corporations of the Tribe.

1.02. *Findings.* The Tribal Council of the Little River Band of Ottawa Indians finds that:

a. the Constitution of the Little River Band of Ottawa Indians delegates to the Tribal Council the responsibility to "...exercise the inherent powers of the Little River Band by establishing laws through the enactment of ordinances and adoption of resolutions not inconsistent with this Constitution:

1. to govern the conduct of members of the Little River Band and other persons within its jurisdiction;

2. to promote, protect and provide for public health, peace, morals, education and general welfare of the Little River Band and its members[.]” *Article IV, Section 7(a).*

b. audits are tools by which governments identify the processes and procedures, test their application and use, and determine if they are meeting the needs of the program, department, enterprise or other activity, and assist in making those activities more responsive to the needs of the Tribe, employees, members and community.

c. creation of an Audit Ordinance and formally creating an Internal Audit Department will result in better communication, clearer relationships and information regarding audit activities, and a better understanding of the audit responsibilities.

**Article II. Adoption; Amendment; Repeal; Severability**

2.01. *Adoption.* This Ordinance is adopted by resolution # 03-0611-162.

2.02. *Amendment.* This Ordinance may be amended by the Tribal Council in accordance with the Constitution and any rules set forth governing amendment of laws of the Little River Band of Ottawa Indians.

2.03. *Severability Clause.* If any provision of this Ordinance or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable.

**Article III. Definitions.**

3.01. *Definitions.* For purposes of this Ordinance, certain terms are defined in this Article. The word “shall” is always mandatory and not merely advisory.

3.02. *Government operations* means the activities of the Tribe which are not included within tribal enterprises or tribal corporations, and include by way of example – personnel management, accounting, health, legal, membership assistance, commissions, etc.

3.03. *Tribal enterprise* means an incorporated enterprise of the Tribe that acts as an independent internal business unit of the Tribe.

3.04. *Tribal corporation* means corporations created and owned by the Tribe.



3.05. *Internal audit* means review and reporting regarding financial, processes, procedures, documentation and activities of programs of the Tribe operating under tribal, grant or other funding, operating under ordinances and regulations of the Tribe, or operating under other directives or procedures.

3.06. *Annual audit* means an audit of the financial activities of the Tribe under federal grant recipient requirements, gaming operations under Indian Gaming Regulatory Act, 25 U.S.C. s. 2701, et. seq., requirements, and tribal enterprises and tribal corporations under audit requirements as set by the governing documents of the corporation.

#### **Article IV. Audits – Requirements**

4.01. *Audits Required.* The Tribal Council shall be responsible for conducting audits of government operations, Tribal enterprises, and corporations of the Tribe.

a. All government operations will be audited at least once every two years. Provided that, the Enrollment Department shall be excluded from this requirement and audits of processes of the enrollment policy, procedures and files shall be conducted as set forth in the Enrollment Ordinance.

b. All tribal enterprises shall be audited on an annual basis, and shall have internal audits conducted within the enterprise in a businesslike manner that shall be identified and reported to the Comptroller General. Provided that, the gaming enterprise shall have an annual audit and compliance audits conducted through the Gaming Commission.

c. The Internal Audit Department or an independent audit firm shall audit all tribal corporations annually, provided that an audit shall be submitted to the Internal Audit Department.

d. The Internal Audit Department shall provide to the Tribal Council, on or near the Tribal Council's last meeting of the year, a schedule of audits to be conducted during the next fiscal year for approval by the Tribal Council. Such schedule shall not be amended except by resolution, and such schedule shall not preclude the submission of requests to conduct additional audits.

4.02. *Audit Requirement Exceptions.* The following activities shall be exempt from the auditing activities identified in sec. 4.01. Provided that, the Tribal Council may determine that future internal auditing activities shall be conducted through the Internal Audit Department.

a. *Enrollment.* The enrollment activities shall be audited under the requirements of the Enrollment Ordinance and shall not be a responsibility of the Internal Audit Department.

b. *Gaming Enterprises.* The gaming enterprises shall be audited, internal and external audits, under the requirements of the Gaming Ordinance and Gaming Commission Ordinance, as well as federal laws and regulations and tribal regulations, and shall not be a responsibility of the Internal Audit Department.

#### **Article V. Audit – Department**

5.01. *Internal Audit Department - Staff.* There is hereby created an Internal Audit Department responsible to the Tribal Council. The Internal Audit Department shall be organized as follows.

a. *Comptroller General.* A Comptroller General who reports to the Tribal Council shall

manage the Internal Audit Department. The Comptroller General shall be an employee of the Tribe and engaged under a employment contract. Until such time as internal audit needs require additional staff, the Comptroller General shall act as the Internal Audit Manager.

b. *Internal Audit Manager.* The Internal Audit Manager shall report to the Comptroller General and be responsible for identifying audit schedules, approval of audit processes, and representing all audit results to the Comptroller General and Tribal Council. There may be one or more Internal Audit Managers to manage offices created by the Tribal Council when such operations of the Tribe require.

c. *Staff Auditor.* There may be one or more staff auditors assigned to conduct audits.

5.02. *Internal Audit Department - Offices.* The Internal Audit Department may have one or more offices to conduct specific types of audits, except as provided for in sec. 4.02.

a. *Government Operations Audit Office.* This office shall be responsible for auditing all government operations.

b. *Enterprise Operations Audit Office.* This office shall be responsible for auditing all enterprise activities.

c. *Tribal Corporations.* This office shall be responsible for reviewing all audits of tribal corporations and reporting on the financial conditions of the Tribal corporations.

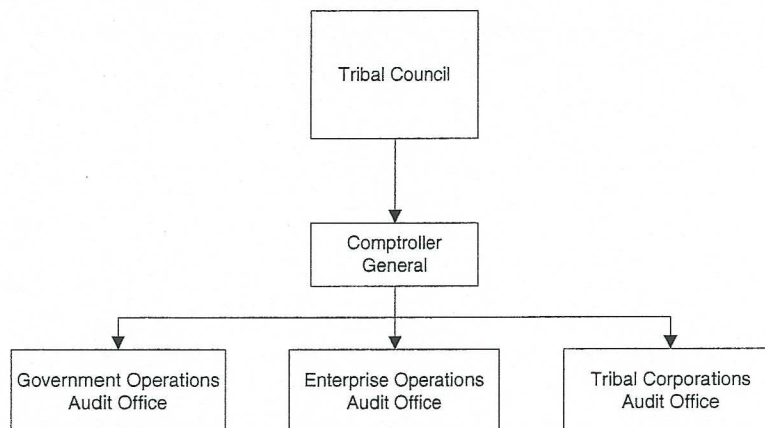


Figure 1. Internal Audit Department Organization Chart

## Article VI. Audits – Submission; Ratification

6.01. *Audit Reports - Submission.* All audit reports shall be submitted to the Tribal Council. No audit report shall be submitted to any external agency, office or individual without first having been received and ratified by the Tribal Council. Submission of an audit report without having ratification by the Tribal Council shall subject the individual to disciplinary action, up to and including termination from employment.

6.02. *Audit Reports – Ratification.* The Tribal Council shall ratify all audit reports. No audit report is considered final, whether conducted internally or by an independent firm unless ratified by the Tribal Council. All audits shall be sent to an external agency, office or individual with a cover letter or resolution from the Tribal Council.

6.03. *Audit Reporting Exceptions.* The following audits shall be exempt from submission and



ratification requirements set forth in this Article.

a. *Enrollment Audits.* The audits of the enrollment processes as required in the Enrollment Ordinance shall be presented to the Enrollment Commission and shall be exempt from reporting and submission to the Tribal Council. Tribal Council recognizes the confidential material involved in this audit and has determined that this exemption protects that confidentiality.

b. *Gaming Compliance Audits.* The audits of the gaming operations as required under federal and tribal laws and regulations shall be exempt from reporting and submission to the Tribal Council. The Tribal Council recognizes the confidential material involved in this audit and has determined that this exemption protects that confidentiality and regulatory processes of the Gaming Commission and gaming operations. Provided that, all final internal audit results shall be forwarded to the Internal Audit Department which shall maintain such documents in a confidential manner.

6.04. *Audit Findings.* Every audit shall have attached, or incorporated, a corrective action plan which identifies how the audited entity intends to respond to the findings in the audit report.

6.05. *Audit Reporting; Presentation.* The Comptroller General shall present all audits, both internal and external, to the Tribal Council. All audit findings shall be presented in closed session of the Tribal Council.

## **Article VII. Audit Authority**

7.01. *Authority to Conduct Audits.* The Internal Audit Department is granted authority to act on behalf of the Tribal Council to conduct the audits required under this ordinance. While acting in the capacity as an auditor under this ordinance, the Staff Auditor has the authority to request any and all information related to the conduct of an audit, regardless of the confidential and/or restricted nature of the activities being audited.

7.02. *Request for Records.* All employees of the Tribe shall cooperate with a request made by an auditor in a reasonable and timely manner. Such request may be either for copies of documents, physical access to document records, or access to computer files and/or databases. If immediate response is not reasonable, the auditor and employee shall identify a reasonable time, in writing, in which the records may be accessed. No employee shall refuse a reasonable request for access to records, in the event of a disagreement regarding reasonable access; the Comptroller General shall have authority to determine reasonable access.

7.03. *Standards of Auditing.* The Comptroller General and the Internal Audit Department shall conduct all audits in accordance with existing professional standards. Such standards are evidenced through the AICPA and IIA, as well as federal laws, regulations and Circulars promulgated by the U.S. Office of Management and Budget.

7.04. *Failure to Cooperate.* Employees failing to allow reasonable access to records may be subject to disciplinary action, up to and including termination from employment.