



## Little River Band of Ottawa Indians

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

### Resolution # 05-0817-399

*Identification of Conditions that Support the Findings of the Tribal Council of Breach of Contract for Failure by Duane Hopkins, Blue Buffalo Consulting, Inc., to Meet the Contract Goals of Creation of Accounting Policies, Procedures and Internal Controls*

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 Tribe adopted amendments to the Constitution on April 26, 2004, which became effective upon approval by the Assistant Secretary-Indian Affairs on May 13, 2004; 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 is vested with the authority, under Article IV, Section 7(b), to authorize and ratify contracts; and

WHEREAS, the Tribal Council is vested with the authority, under Article IV, Section 7(i)(2), to manage the funds of the Tribe; and

WHEREAS, the Tribe engaged Duane Hopkins, Blue Buffalo Consulting, Inc., to manage the Tribe's accounting department; and

WHEREAS, the consultant identified that he had expertise in travel, procurement, and budgeting policies and procedures, financial statements, as well as “proven abilities” in development and implementation of internal controls and training materials; and

WHEREAS, since February of 2003, the Tribe has engaged the services of Duane Hopkins, Blue Buffalo Consulting, Inc., to develop accounting procedures and controls that would protect the assets of the Tribe of which the Tribe has not yet received adequate or timely results; and

WHEREAS, two years later, in February of 2005, the Tribal Council received an update from the consultant which identified the status of the accounting procedures and controls with over 50% of the written procedures as yet undeveloped in areas such as check handling, contract review, direct cost transactions, general ledger procedures, grants procedures, indirect cost procedures, purchasing procedures, and records storage and handling procedures; and

WHEREAS, the Tribe has paid over \$580,000.00 to Duane Hopkins, Blue Buffalo Consulting, Inc., since February of 2003 to create accounting procedures and controls and to adequately train personnel; and

WHEREAS, the Tribe has paid for Duane Hopkins, Blue Buffalo Consulting, Inc., to attend training sessions in grant writing and other training; and

WHEREAS, the Tribal Council has not received a complete set of accounting procedures and controls regarding critical areas such as check handling, general ledger processes, document storage and handling, and grant management and closeout procedures;

WHEREAS, the Ogema, under Article V, Section (5), has the responsibility and obligation to oversee administration and management of the Tribal government and execute agreements and contracts with consultants and vendors; and

WHEREAS, the Ogema has a fiduciary responsibility to manage these contracts to assure that the deliverables are being submitted in a timely manner and meet the requirements and qualifications identified in the contract; and

WHEREAS, the Ogema’s constitutional and fiduciary responsibility includes invoking the termination clauses contained within contracts, and in this contract with Blue Buffalo Consulting, Inc., on behalf of the Little River Band when presented with documentation and findings that the contract responsibilities and deliverables are not being fulfilled;

NOW THEREFORE IT IS RESOLVED THAT the Tribal Council of the Little River Band of Ottawa Indians hereby finds that the report submitted by the consultant dated February 4, 2005 identified the following minimum required accounting procedures that were required to be developed under the contract with Duane Hopkins, Blue Buffalo Consulting, Inc.

1. Analyzing Accounts

- a. Procedure for scope of accounts
- b. Procedure for format of accounts
- c. Procedure for responsible parties for accounts
- d. Procedure for renewing accounts

2. Asset Management

- a. Procedure for GASB 34 Standards for fixed assets and identification of fixed assets and sensitive items
- b. Procedure for maintaining fixed assets with FASGov
- c. Procedure for maintaining departmental property books
- d. Procedure for capital asset appreciation and depreciation
- e. Procedure for fixed asset capitalization
- f. Procedure for requesting a fixed asset or sensitive item
- g. Procedure for turning in a fixed asset or sensitive item
- h. Procedure for disposal of a fixed asset or sensitive item
- i. Procedure for inventory of a fixed asset or sensitive item
- j. Procedure for fixed asset or sensitive item insurance reconciliation
- k. Procedure for fixed asset or sensitive item general ledger reconciliation

3. Budgeting

- a. Procedure for forecasting of revenue
- b. Procedure for certification of funds

4. Building Security

5. Cash Receipts

- a. Accounting Department
- b. Other departments
- c. Mail room
- d. Events
- e. Receivable billing and collection

6. Check Handling

- a. Auditing electronic copies of canceled checks on a regular basis
- b. Procedure for the delivery of bank statements and canceled checks in unopened envelopes to the employees prior to reconciliation
- c. Procedure for securing check stock
- d. Procedure to have canceled checks returned and for handling and investigation of complaints regarding altered checks

7. Claim Reporting Procedures

- a. Workers compensation, liability
- b. Auto, property

8. Construction Projects

9. Contract Review

10. Direct Cost Transactions

- a. Procedures and controls ensuring proper authorization of all purchases, check request payments, and other direct cost transactions

b. Procedures and controls ensuring proper documentation of all purchases, check request payments and other direct cost transactions

c. Procedures and controls ensuring reconciliation of all purchases, check request payments, and other direct cost transactions

11. Document Retention

12. General Ledger Procedures

a. Procedures stating responsible parties for close outs

b. Procedure for reviewing of close outs

c. Procedure for reconciliation of close outs

d. Monthly close out procedures

e. Quarterly close out procedures

f. Procedures for approving bank reconciliations on a monthly basis

g. Procedure for reviewing bank reconciliations on a monthly basis

h. Procedures for the recording and reporting of accounts receivables and advances

i. Procedures for maintaining a liability account to accrue compensated absences according to Tribal policies and applicable federal laws/regulations

j. Procedures for accounts receivable aging report

k. Procedure for accounts payable aging report

13. Grants

a. Procedure for assigning fund number when Tribe has been awarded grant before it can be taken to Tribal Council for acceptance into operating budget

b. Procedure for setting up new grant file once accepted by Tribal Council into the budget

c. Procedure for notifying staff accountant of new grant so fund number and name can be entered into the computer

d. Procedure for notifying Budget Administrator about new grant so budget can be inputted into the computer

e. Procedure for calendaring when reports are to be submitted to funding agency

f. Procedure for developing and implementing monthly closings at the end of a reporting period

g. Procedure for calculating indirect cost on a monthly basis

h. Procedure for allocation/billing indirect cost carry forwards on a monthly basis

i. Procedure for reporting indirect cost on a monthly basis

j. Procedure for requesting draw downs on a monthly basis based on funding source when applicable

k. Procedure for letting Staff Accountant know on a monthly basis draw down amounts requested

l. Procedure for recording on a monthly basis federal draw downs deposited in the special revenue account

m. Procedure for notifying program administrators of when reports are due

n. Procedure for receiving and processing reports from program administrators when due

o. Procedure for receiving and processing reports from program administrators when due

- p. Procedure for action taken if reports are not turned in from program administrators on time
  - q. Procedure for timely reporting of financial reports to federal funding agencies
  - r. Procedure for timely reporting of narrative reports to federal funding agencies
  - s. Procedure for maintaining financial data in all contract and grant files
  - t. Procedure for reconciling federal program funding against the general ledger on a quarterly basis
  - v. Procedure for reconciling non-federal program funding against the general ledger on a quarterly basis
  - w. Procedure to assure that matching level of effort or earmarking requirements are met using only allowable funds or casts
  - x. Procedure for developing and implementing yearly closing at the end of the fiscal year
  - y. Procedure to prepare annually a schedule of expenditures of federal awards
  - z. Procedure for notification process of Programs that are ending
  - aa. Procedure for closing out grants
  - bb. Procedure for storage of grants that have ended and been audited
14. Hazard Notification and Assessment
15. Health Care and Benefits Procurement
- a. Health Care
  - b. Disability, life, AD&D
16. Indirect Cost Proposals Procedures
- a. Calculating indirect cost carry forwards
  - b. Indirect cost proposals preparation procedures
  - c. Monitoring indirect cost proposals procedures
  - d. Reconciling indirect cost proposals procedures
  - e. Reporting indirect cost carry forwards
17. Mailroom
- a. Mailroom procedures
  - b. Identifying and distributing envelops/packages
  - c. Distributing incoming invoices/checks
  - d. Outgoing/interoffice mail
  - e. Mailroom standard of conduct
18. Motor Pool Operations
- a. Michigan motor fuel tax
19. Payroll Procedures
- a. Procedure for benefit and payroll reconciliation and verification between Human Resources and Payroll on a monthly basis
  - b. Procedure for pay rate verification between Human Resources and payroll on a monthly basis
  - c. Procedure for tracking leave amounts in MIP and issuing reports on a monthly basis

- d. Procedure for verifying pay rate changes within the current budget of each department and recorded in Human Resources
- 20. Policy Audits
  - a. Casualty insurance audit process
- 21. Property and Casualty Insurance Procurement
  - a. Workers' Compensation
  - b. General Liability
  - c. Auto
  - d. Property
  - e. All other
- 22. Purchasing
  - a. Purchasing of small goods
  - b. Purchasing of small services
  - c. Purchasing of large goods
  - d. Purchasing of large services
  - e. Vender ID set-up
  - f. Purchase order cancellation
  - g. Maintenance and lease payments
- 23. Rebates
- 24. Record and Document Storage
  - a. Financial record retrieval procedures
  - b. Fire resistant safe storage procedures
  - c. Procedure for safe storage of property records
  - d. Procedures for safe storage of documents such as titles, deeds, leases, etc
  - e. Procedures for types of documents that need to be stored
  - f. Procedures for time frame for storage of documents
- 25. Reports
  - a. Review and approval of financial statements
  - b. Procedure for time frame for report distribution
  - c. Procedure for reporting quarterly, annually, W-2's, etc.
- 26. Requesting Certificates of Insurance
  - a. Insurance certificates required from
  - b. Vendors, contractors, service providers
- 27. Safety Programs
  - a. Tribal enterprises
  - b. Property
- 28. Safety Training
  - a. Right to know
  - b. Bloodborne pathogens
  - c. Regulatory compliance
- 29. Special Events Insurance Coverage
- 30. Tax
  - a. Tribal taxes - tax return forms
  - b. Tribal taxes - filing
  - c. Tribal taxes - collection


- d. Tribal taxes - revenue distribution
  - e. Tribal taxes - audit
  - f. Federal tax return procedures
  - g. Federal excise tax refund
31. Travel
- a. Travel procedures
  - b. Verification of required travel information
  - c. Verification of funds
  - d. Processing registration requests
  - e. Processing lodging accommodations
  - f. Processing flight arrangements
  - g. Flight vs. mileage expenses
  - h. Booking flights
  - i. Processing ground transportation
  - j. Processing meals and incidental expenses
  - k. Finalizing and filing travel advances
  - l. Processing non-employee travel
  - m. Processing travel cancellations
  - n. Processing travel closeouts
  - o. Reconciling flight and credit card transactions
32. Vehicle Insurance Certificates
33. Volunteer Workers

NOW THEREFORE IT IS RESOLVED THAT the Tribal Council of the Little River Band of Ottawa Indians hereby requests a detailed explanation from the Ogema to identify that the consultant has met the needs of the purpose of the contract and has fulfilled the obligations identified in the contract and the request for proposals/bids as originally presented, and that the consultant has not breached the contract as identified in this resolution, and/or resolved the contract related issues identified in this resolution to be submitted to the Tribal Council during the Council meeting of August 24th.

**CERTIFICATE OF ADOPTION**

I do hereby certify that the foregoing resolution was duly presented and adopted by the Tribal Council with 8 FOR, 0 AGAINST, 0 ABSTAINING, 0 ABSENT, and 1 VACANT, at a Regular Closed Session of the Little River Band of Ottawa Indians Tribal Council held on August 17, 2005, at the Little River Band's Conference Room in Manistee, Michigan, with a quorum being present for such vote.

  
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Janine M. Sam, Council Recorder

  
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Stephen Parsons, Council Speaker

Attest: