



June 28, 2014

Delaware Tribe of Indians
170 Barbara Rd.
Bartlesville, OK 74006

In planning and performing our audit of the financial statements of the Delaware Tribe of Indians year ended September 30, 2013, we considered the Tribe's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated June 28, 2014, on the financial statements of the Delaware Tribe of Indians.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Tribe personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendations.

Sincerely,

TURNER & Associates, PLC

Turner & Associates, PLC

Enclosures

Management Letter Points
Delaware Tribe of Indians
September 30, 2013

Correction of an Error Details

During the audit, we discovered that the adjustments we had proposed in the prior year for 10 of the funds, primarily affecting Grants Receivable, Deferred Revenue, and the Tribe Grants Account had not been made. This meant that the receivables, deferred revenue, and cash balances for those funds did not reflect the audited balances.

The chart below highlights the funds and the adjustments that were necessary to correct the Schedule of Federal Awards to the audited amounts.

<u>Fund</u>	<u>Grants Receivable Audit</u>	<u>Deferred Revenue Audit</u>	<u>Tribe Grants Acct-Cash Audit</u>
211	(4,412.92)	-	4,412.92
217	-	1,750.00	(1,750.00)
236	5,988.19	-	(5,988.19)
238	(45,659.75)	47,930.32	(2,270.57)
240	(4,680.40)	4,680.40	-
269	(1,028.47)	-	1,028.47
Totals	<u>(49,793.35)</u>	<u>54,360.72</u>	<u>(4,567.37)</u>

We recommend that the audit adjustments proposed be made and if changes are necessary they be documented and the audit adjustments reversed.

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Housing Program Reconciliations

During the audit, we identified that the opening balances were not the same as the audited ending balances from the prior year. Due to this the beginning balances of the equity accounts required adjustments totaling \$689,166.39. The adjustment to correct the Land purchase required another adjustment of \$1,050,945.54 to correct the Inter-fund Receivable balance. And finally, an adjustment to the Inventory Held for Resale and their amortized amounts was required.

The beginning net position of \$8,907,129.35 required net adjustment of \$7,566.85 in Inventory Held for Resale, bringing the beginning of the year net position amount to \$8,905,112.12. The table below outlines the adjustments made.

<u>Housing Program</u>	<u>Debit</u>	<u>Credit</u>
Inventory Held for Resale-Aff Hsg	8,047.81	-
Inventory Held for Resale-NMH	-	25,385.48
Amortization-Aff Hsg	-	10,203.80
Amortization-NMH	35,108.32	-
Unrestricted	-	7,566.85
Interfund Receivable	1,050,945.54	-
Land	-	1,050,945.54
Buildings	-	480,000.00
Bldg Improv	-	141,882.08
Investments in Fixed Assets	621,882.08	-
Prior Period Adjustment	64,019.67	-
Supplies	-	71,339.04
Soc Sec Emplr Cont	6,077.13	-
Medicare Emplr Contr	1,421.00	-
SUTA Emplr Contr	-	178.76
Investments in Fixed Assets	2,031,309.20	-
Restricted	-	344,151.52
Prior Period Adjustment	31,556.62	-
Unrestricted	-	1,718,714.30
Investments in Fixed Assets	-	160,866.07
Unrestricted	1,192,529.39	-
Proceeds of Sale	70,615.68	-
Restricted	-	1,114,767.23
Pre-NAHASDA Reserves	17,909.85	-
Supplies	-	5,421.62
Unrestricted	5,408.87	-
Other Misc Income	-	5,408.87
	-	-
Totals	<u>5,136,831.16</u>	<u>5,136,831.16</u>

We recommend that the Tribe adopt policies and procedures in the Accounting manual for the Housing Program and be followed with all reconciliations performed, if not monthly at least at year end and prior to the auditor receiving a trial balance and general ledger.

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Review and Update Accounting Policy and Procedure Manual

During the audit while reviewing the accounting policies, it was again noted that the original Accounting Policies and Procedures manual was approved December 27, 1998 and revised 1999. No updated manual was provided and it's unclear whether an updated version exists.

Many of the procedures identified in the manual do not appear to being followed. We recommend that the manual be reviewed and updated. If a complete revision is not feasible, then at a minimum a checklist of year-end closing procedures should be considered. This should reduce the delay in producing financial reports needed by the Council and the auditors. The following is our recommended summary of the required closing procedures:

1. Complete all payroll process including processing all payroll checks for the current payroll period through year-end and preparing, reconciling and filing all payroll tax forms. There should be no debit balances recorded in liability accounts, unless overpayments have been made.
2. Determine that all transactions have been recorded and posted. Review the transactions for completeness by scanning the ending balances and the transactions posted to each GL account to detect unusual entries or unexpected ending balances.
3. Reconcile all GL accounts and make necessary adjustments, including:
 - Agreeing ending GL cash balances to ending bank reconciliation balances.
 - Agreeing the ending CD balances to the statements from the bank of record.
 - Agreeing the ending balance of any prepaid assets with vendor statements.
 - Agreeing the ending accounts payable balance to the total of the Aged Payables report.
 - Adjusting inventory held for sale to agree with physical inventory and that amortization is calculated properly.
4. Print year-end reports in order to have a record of historical transactions for the year (they may also be useful during the audit).

We believe that the year-end closing could proceed more quickly and smoothly by developing a logical order for closing procedures and assigning responsibility for completing the procedures to specific personnel. The checklist should indicate who will perform each procedure and when completion of each procedure is due and is accomplished.