

PROGRAM INTEGRITY ASSESSMENT SUPPLEMENT
Low Income Home Energy Assistant Program (LIHEAP)

TRIBE: Grand Traverse Band of Ottawa and Chippewa Indians
Date: August 24, 2010 Fiscal Year: FY2009/2010

RECENT AUDIT FINDINGS:

SEE ATTACHMENTS: Auditor's Findings

COMPLIANCE MONITORING:

The LIHEAP program's compliance with the policy and procedures is monitored by quarterly review meetings (aka program facts & reporting form). These meetings are attended by the Department Manager, Supervisor, Program Compliance Manager, and Senior Accountant. New tribal programs go through a grant review which covers the policy procedures, Program Director duties, grant requirements, budget, justification and budget forecasts.

Closeout meetings are held at the end of the fiscal year to verify that all requirements were accomplished during the year. The budget is reviewed to check for over spending or under spending during the fiscal year.

The Program Director does a monthly review of expenditures to monitor the spending and accomplishments that occurred during the month.

Tribal programs are monitored closely by Grants and Contracts Department, the Accounting Department and Administration to insure the Program Director is complying with the policy and procedures that are in place.

FRAUD REPORTING MECHANISMS:

Anyone with evidence of fraud or misuse of funding is strongly encouraged to report it to the Program Director and her Supervisor during the initial eligibility interview and/or a posted statement to that effect in the Tribal Newsletter. The Accounting Department monitors the spending in the tribal programs meticulously. Any duplication or misuse of funds is brought to the attention of the Program Director, Supervisor, Department Manager, Department Manager, Grants and Contracts and the Program Compliance Manager.

Any cases of fraud or misuse of funds will be handled with the same procedure that was in place in FY 10.

VERIFYING APPLICANTS IDENTITIES:

Each tribal family who applies for emergency utility assistance is required to fill out a Human Service application and must submit necessary paperwork; such as drivers license, pictured tribal identification and social security cards for each member of the household. If the residence or tribal identification is questioned, the Program Director can check on the tribal membership list and see the proof of residence and tribal identification for each tribal member listed on the Human Service application.

LIHEAP BENEFITS POLICY:

The tribal member submits a heating bill and payment is made directly to the vendor. The majority of families in our service area utilize Detroit Edison as their heating company. Detroit Edison is the biggest natural gas provider in our region of Michigan. A monthly DTE bill is checked against its corresponding previous month's DTE bill that was paid to ensure a duplicate payment is not made to the company.

The propane users and fuel oil users and/or the companies submit the printed receipts from the truck driver's delivery for payments. These receipts show actual gallons delivered and the percentage of the tanks delivery. The percentage must meet the tanks reading after the delivery.

All heating bills submitted are from reputable heating providers.

The businesses that provide heat are required to fill out a W-9 form for the government.

NECESSARY OUTCOMES FROM THESE SYSTEMS:

The accounting system and staff keep close scrutiny of the bills that are being paid for tribal members.

There aren't any duplicate payments from heating bills being paid to the businesses.

PROCEDURES FOR UNREGULATED ENERGY VENDORS:

The wood haulers that deliver wood to tribal member's homes have to file a W-9 form with the Tribe. When a wood delivery is made and the tribal member has turned in the bill for payment. Tribal members are informed of what the dimensions of a cord of wood constitute (face cord; 4ft. high x 8ft. long). Members are then asked if they received a full cord of wood from the wood haulers. If a true cord is not delivered, the business is contacted. The Program Director discusses the amount of wood that has been delivered with the business.

The wood haulers are reputable business men who deliver an accurate measurement of a face cord of wood.

The LIHEAP program has only four wood delivery businesses that they work with. There are only four families in the six county service area that burn wood for heating their homes.

VERIFYING THE AUTHENTICITY OF ENERGY VENDORS:

The majority of the families in our service area use DTE; Detroit Edison. Detroit Edison is the biggest natural gas provider in our region of Michigan.

The propane/fuel oil companies that the LIHEAP Program uses have done business with the tribe for years, and they are all reputable businesses.

All businesses are required to fill out a W-9 form before receiving payments from the Tribe's Accounting Department.

TRAINING AND TECHNICAL ASSISTANCE:

Tribal representatives attended the Annual LIHEAP conference during FY2010. The Program Director attends every annual LIHEAP conference to receive training and learn new techniques to work in the LIHEAP program. The Program Director attends the monthly Program Director's classes. The Tribe has qualified staff, grants and contract, program compliance, budgeting and accounting, who pursue training to continuously develop and upgrade their skills. Program Director's have Supervisors, Department Managers and Department Manager that offer technical assistance when needed.

AUDITS OF LOCAL ADMINISTERING AGENCIES:

The tribe administers its own LIHEAP Program Grant, and it does not fund outside agencies for their LIHEAP funding.

McGladrey & Pullen

Certified Public Accountants

Grand Traverse Band of Ottawa and Chippewa Indians

Financial and Compliance Report

September 30, 2009

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Independent Auditor's Report

To the Tribal Council
Grand Traverse Band of Ottawa and Chippewa Indians
Peshawbestown, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Grand Traverse Band of Ottawa and Chippewa Indians, as of and for the year ended September 30, 2009, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Grand Traverse Band of Ottawa and Chippewa Indians' management. Our responsibility is to express our opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, except that the financial statements of the Grand Traverse Band Economic Development Corporation Enterprise Fund were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grand Traverse Band of Ottawa and Chippewa Indians, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2010 on our consideration of the Grand Traverse Band of Ottawa and Chippewa Indians' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying required supplementary information, management's discussion and analysis and general fund budgetary comparison, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grand Traverse Band of Ottawa and Chippewa Indians' basic financial statements. The other supplementary information in the accompanying table of contents, including the schedule of expenditures of federal, state and other awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Duluth, Minnesota
March 5, 2010